PERFORMANCE REPORT
2016-17

OFFICE OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

From the desk of Comptroller and Auditor General of India

I am happy to present the Performance Report of the Indian Audit and Accounts Department for the year 2016-17. The Department, apart from being the Supreme Audit Institution of India, also performs accounting and entitlement functions for the majority of states in India. The report gives an overview of the significant activities of the Department during 2016-17.

During the year, our audit resources were deployed in accordance with the identified focus areas for audit that included issues of equity, gender justice, citizen-centric services, environment, IT audit, etc. This is duly reflected in the 150 Audit Reports that we prepared during the year, of which 49 were for tabling in the Parliament and 101 in the State Legislatures.

The enormity of the impact the Indian Audit and Accounts Department makes through its work can be easily judged by the fact that our reports made 2,016 recommendations, of which 838 have already been accepted. Our reports pointed out recoveries of ₹1,28,458.56 crores, of which recoveries of ₹6,917.08 crore had already been made by the governments. It is gratifying to note that the recoveries made at the instance of Audit are much more than the total expenditure of SAI-India, which was ₹4042.53 crore in 2016-17. In addition, we examined more than 4,000 government accounts, maintained GPF accounts of nearly 28.25 lakh government servants and authorized about 4.18 lakh pension payments during the year, rendering valuable public service.

The achievements of the Department are a tribute to the dedicated work of more than 46,600 employees currently in position. We have invested significantly in their professional development, according high priority to capacity building in our training institutes, for which several projects of modernization and infrastructure upgradation were taken up, in order to provide a conducive environment and enhanced learning experience. Our training institutes conducted around 670 courses and trained nearly 14,000 persons during the year. In addition, nearly 2,000 courses, conducted in-house, trained more than 32,000 employees.

SAI India has been proactively participating in international cooperation and collaboration. Our training institutions have run specialized training programmes for international participants. In addition, we have been proactively participating in the activities of INTOSAI and ASOSAI. It is a measure of the Department's international stature that the CAG of India is on the Board of Auditors of the United Nations and now chairs the Board. This brings to a high point the Department's rich experience of auditing other international bodies like the World Food Programme, the International Atomic Energy Agency, the World Health Organization, the Food and Agricultural Organization, and the International Organization of Migration etc.

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

(Shashi Kant Sharma)
Comptroller & Auditor General of India

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Performance Highlights

I. About the Performance Report

This report summarizes important activities and achievements of the Indian Audit and Accounts Department, the Supreme Audit Institution of India (SAI India) during the Financial Year 2016-17, including the impact of our audit, major audit findings and the effectiveness in use of our resources.

II. About the CAG of India and the IAAD

- **The CAG of India is a Constitutional authority.**
- **The CAG's (Duties, Powers and Conditions of Service) Act, 1971 is the primary legislation delineating the audit jurisdiction, which extends to the Union and State Governments, the public sector undertakings and other bodies or authorities substantially financed from public exchequer or other bodies/authorities whose audit is entrusted to the CAG in public interest. Several other Acts of Parliament provide for audit of certain statutory authorities by the CAG.**
- **The Act also provides for compilation and presentation of accounts of the State Governments by the CAG.**
- **The CAG of India discharges his duties through the Indian Audit & Accounts Department (IAAD). The Headquarters office of the CAG at New Delhi is supported by 138 field offices (133 offices spread across India and 5 offices located abroad).**

III. Key Results in Audit

- **We audited 56,437 units covering 94.56 *percent* of planned audits at Union and 97.34 *percent* at States level.**
- **We issued 51,061 Inspection Reports to various audited entities. 93.19 *percent* Inspection Reports at the Union level and 75.86 *percent* Inspection Reports in the States were issued in time i.e. within 30 days.**
- **We prepared 150 Audit Reports that included 183 performance audit topics, of which 49 were for tabling in the Parliament and 101 in the State Legislatures. Of these, 39 Reports were tabled in the Parliament and 75 Reports in the State Legislatures during the year.**

- **We made 2,016 recommendations to our audited entities at Union and State level. Of these, 838 recommendations were accepted.**
- **We finalized Reports on 183 performance audit topics during the year. We made 1,318 recommendations, of which, 567 recommendations were accepted by the audited entities.**
- **We examined 4,046 accounts of Union and State Governments, PSUs, Autonomous Bodies, Externally Aided Projects and others. 83.34 *percent* Audit certificates were issued within the scheduled time.**
- **The audited entities accepted about 33.25 percent of the total recoveries pointed out by us (₹1,28,458.56 crore) and recovered ₹6,917.08 crore, which was significantly higher than the total expenditure of IA&AD during 2016-17, which was ₹4042.53 crore.**
- **We made corrections in the accounts of 168 companies and corporations as a result of supplementary audit. The implication of these changes was: (a) Amendment to Notes to the Accounts: ₹26,865 crore (b) Classification mistakes: ₹35,574.14 crore (c) Changes in profit and loss: ₹5,539.75 crore and (d) Changes in assets and liabilities: ₹17,739.63 crore.**
- **We pointed out several instances of deviation from rules, regulations, deficiencies in planning and implementation of schemes, lack of coordination among various agencies, etc.**
- **We were yet to receive 12,027 Action Taken Notes on Audit Reports at Union and State level as on March 31, 2017.**

IV. Key Results in Accounts and Entitlements

- **We finalized 4,17,609 pension authorization and pension revision cases during 2016-17.**
- **We carried out 2493 inspections of treasuries/sub-treasuries during the year. As a result of these inspections, we issued 1974 Inspection Reports and made 1268 recommendations.**
- **We issued 97 *percent* account slips to General Provident Fund account holders on time during the year.**

V. Professional Standards and Quality Management

- **Three Indian Government Accounting Standards (IGASs) had been notified by Government of India by March 2017. Four IGASs and five IGFRSs (Indian**

Government Financial Reporting Standards) were under consideration of the Government of India.

- The Technical Board for Professional Practices, constituted in March 2014, is engaged with issues in the areas of audit and accounting policy and their implementation.
- 33 field offices of IAAD were inspected as a measure of internal control mechanism. Based upon these inspections, 548 recommendations were included in the Inspection Reports during 2016-17.

VI. Resource Management

- We spent ₹4042.53 crore in 2016-17.
- Optimal staffing in the field offices continued to be the main focus of our HR strategy.

VII. Capacity Building in IAAD

- International Centre for Environmental Audit & Sustainable development (iCED) conducted one International Training programme for 15 participants from 22 SAIs, as well as 2 bilateral programmes for 43 participants from SAI Bangladesh and SAI Oman.
- We undertook major modernization and infrastructure upgradation programmes for our training facilities at iCISA at Noida, iCED at Jaipur, the National Academy of Audit and Accounts at Shimla, and our Regional Training Institutes (RTIs)/Regional Training Centres (RTCs). The RTIs and the RTCs conducted 671 courses and trained 13,947 persons during the year.
- The In-house training centres in 133 Offices conducted 1,975 courses and trained 32,209 officers.

VIII. Seminars and Events

- XXVIII Accountants General Conference, a biennial event and a forum for senior functionaries of the Indian Audit & Accounts Department, was held during October 20-21, 2016.
- A one-day Symposium, on 22 October 2016, followed the 28th Accountants General Conference. The central theme of the Symposium was “Public Auditing and Accounting: A Catalyst for Good Governance”. The Hon’ble Prime Minister inaugurated the Symposium and delivered the keynote address.

- **A One-Day Panel Discussion on Goods and Services Tax (GST), was held at Mumbai, on 3rd March, 2017.**
- **A One-Day Panel Discussion on "Economic Valuation of Ecosystems and how National Parks are Engines of Economic Growth and Stimulants of Livelihood within their Zone of Influence", was held at New Delhi on 10th March, 2017.**

IX. Our Interaction with Key Stakeholders

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

X. International Participation and Contributions

- **The first meeting of BRICS SAI leaders took place in Beijing, on 24th June 2016. The meeting discussed areas of potential cooperation and collaboration in various fields of common interest, with a view to providing value to their respective Governments, in pushing forward economic and social development.**
- **At another function held in Nanjing on the sidelines of this meeting, CAG was conferred with the Honorary Professorship of the National Audit University of China.**
- **The CAG is a member of the UN Board of Auditors for the period July 2014 to June 2020, and chairs the Board from 1 January 2017 to 31 December 2018.**
- **SAI-India is the lead auditor for audit of several UN organisations viz. UN Secretariat [Volume I] ,UNICEF (United Nations Children's Fund), UNOPS (*United Nations Office for Project Services)*, UNJSPF (United Nations Joint Staff Pension Fund), UNCC (*United Nations Compensation Commission),* Escrow Account, ITC (*International Trade Centre),* UNPKO *(United Nations Peacekeeping Operations) Missions,* CMP *(Capital Master Plan),* UMOJA *(ERP system of UN), and* Information and Communication Technology Strategy*.***
- **The CAG of India is external auditor of the World Intellectual Property Organisation (WIPO) for a period of six years from 2012.**
- **The CAG of India is a member of Governing Boards of INTOSAI and ASOSAI.**
- **The CAG of India chairs the INTOSAI Working Group on IT audit and INTOSAI Committee on Knowledge Sharing & Knowledge Services and its Steering Committee.**
- **SAI India, as KSC chair, developed an INTOSAI Community Portal (www.intosaicommunity.org), in collaboration with the INTOSAI Development Initiative, Norway.**

- **The XXIII Conference of Commonwealth Auditors General was hosted by Comptroller and Auditor General of India, in New Delhi, from 21-23 March 2017. The three day Conference was attended by 74 delegates from 36 countries, including 25 heads of SAIs.**

XI. New Initiatives

- **The IAAD Big Data Management Policy, adopted in September 2015, envisages building departmental competencies in Data Analytics. In line with this, a Centre for Data Management and Analytics (CDMA) was established in June 2016. Data Analytic groups were created in the field offices as core drivers of data analytic activities. The CDMA and the data analytic groups were provided with the necessary technical and physical infrastructure.**
- **'Statistics for Data Analytics' was introduced as a new topic in the syllabi for Officer Trainees and the SAS examination.**
- **A Structured Training Module on 'Data Analytics' was prepared and training programmes were organized in conjunction with the CDMA wing at various RTIs/RTCs for the members of the data analytic groups. 272 officials including 17 core faculty members from RTIS/RTCs were trained in these programmes. Around 26 topics were taken up as pilot projects during 2016-17.**
- **The 'Synopsis of General Purpose Financial Statements of Government', a cash based draft standard, has been prepared.**
- **A Practitioner's Guide for use of Data Visualisation and Infographics, has been prepared to represent data and information, for enhancing the quality of reporting and presentation in various documents prepared in the Indian Audit & Accounts Department.**
- **Guidance Notes on (i) Compliance Audit of SPVs/Societies implementing beneficiary oriented schemes; (ii) Compliance Audit of PPP arrangements; (iii) Compliance Audit of Regulatory Bodies; and (iv) Enhancing Topicality and Timeliness of Audit Reports were issued.**
- **A holistic medium-term plan, for strengthening the IAAD's regional training capability and enhancing the effectiveness of RTIs, was approved. Under this upgradation programme, all the Regional Training Institutes have been upgraded during the years 2015-17.**
- **A Performance Monitoring Framework *i.e.* the Medium Term Road Map for Strengthening the IA&AD's Regional Training Capability for enhancing the effectiveness of RTIs, was successfully implemented during 2016-17.**

Chapter 1

About this Performance Report

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

International Standards for Supreme Audit Institutions (ISSAI 20) envisage that information about SAIs should be readily accessible and pertinent. Their work processes, activities and products should be transparent. They should also communicate openly with the media and other interested parties and be visible in the public arena.

The Performance Report of the Comptroller & Auditor General of India has been prepared keeping in view the principles of transparency and accountability, as envisaged in ISSAI 20 and 21.

This report aims to meet the accountability requirements by reporting on -

- the extent to which SAI India has met its legal obligations with regard to its audit mandate and required reporting ;
- evaluation and follow up on our own performance, as well as the impact of our audit; and,
- regularity and the efficiency in the use of SAI resources.

This report also meets transparency parameters by providing reliable, clear and relevant public reporting on our status, mandate, strategy, activities, financial management, operations and performance. It, therefore, seeks to:

- create awareness and understanding about the CAG and the Indian Audit and Accounts Department's role and functions;
- inform our clients and stakeholders, both internal and external, about our key results and achievements; and
- share information about innovations within our organization.

Chapter 2

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

I Who are we?

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

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

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

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

II Our Vision, Mission and Core Values

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

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

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

III Independence of SAI

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

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

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

- Appointment of the CAG by the President of India;
- Special procedure for removal of the CAG, as applicable to a judge of the Supreme Court;

- Salary and expenses of the CAG not being subject to vote of Parliament; and
- Making the CAG ineligible to hold any other Government office after completion of term.

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

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

V Our Audit Mandate

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

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

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

- Accounts of all Government companies where the government's equity investment is not less than 51 *per cent*;
- Accounts of all Regulatory Bodies and other statutory authorities/corporations, where the governing laws provide for their audit by the CAG;
- Accounts of all autonomous bodies and authorities substantially financed from the public exchequer*;*
- Accounts of a body or authority whose audit is specifically entrusted to the CAG, in public interest, by the President/ Governor /Lt. Governor, under enabling provisions of the CAG's DPC Act, 1971.

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

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

VI What we do not Audit

The mandate of the CAG does not extend to the audit of public sector banks; Government corporations whose statutes do not provide for audit by the CAG, *e.g.*, Life Insurance Corporation, and companies where the Government shareholding is less than 51 *percent.* However, the CAG has the authority to audit the accounts of even a private company, not normally within the audit mandate of CAG, if the company has been allowed the commercial use of scarce natural resources under the terms of license, which require the company to share a part of the revenue so generated with the government. This authority was upheld by the Hon'ble Supreme Court of India in its judgement dated April 17, 2014 pertaining to the companies providing telecom services. Further, audit of any body or authority, including a Company which is not a Government Company, may be entrusted to the CAG, under Section 20 of the CAG's DPC Act 1971, in public interest.

VII Our Powers

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

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

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

Powers of Delegation

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

Powers to make regulations

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

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

Powers to make rules

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

VIII We conduct different types of Audit:

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

VIII A Compliance Audit

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

- the provisions of the Constitution of India and the applicable laws; and

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

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

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

VIII B Financial Audit

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

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

VIII C Performance audit

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

1. **Economy** – minimizing the cost of resources used for an activity, having regard to appropriate quality. Economy occurs where equal-quality resources are acquired at least cost.
2. **Efficiency** – the relationship between the outputs (goods, services or other results) and the resources used to produce them (input). Efficiency

exists where the use of resources (financial, human, physical and information) is such that output is maximized for any given set of resource inputs, or input is minimized for any given quantity and quality of output.

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

IX Our Audit Process

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

The **Strategic Plan** provides the overarching framework for planning in the Indian Audit and Accounts Department on all significant areas for a longer time horizon.

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

Goal 1: Integrated audit efforts

Goal 2: Promoting professionalism in public sector auditing

Goal 3: Improving communication with stakeholders and ensuring higher visibility

Goal 4: Enhancing audit effectiveness

Goal 5: Improving delivery of accounting and entitlement functions

Goal 6: Improving human resource management

Strategic Audit Plans are developed in accordance with the strategic direction the IA&AD decides to follow, audit mandate, risk assessment, significance of the issue and available resources. These plans include audits that are to be taken up under each of the three methodologies described above.

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

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

On completion of an audit, a report is issued to the audited entity, popularly known as an Inspection Report. Audit Findings of high value, or the ones that may have a significant impact, are further refined and vetted 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 in 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 employed for follow up of audit findings. The Audit Committees, consisting of officials from the audited entity and the IA&AD, monitor the follow-up process, so as to bridge our perception gaps and to increase levels of communication, besides discussing and settling outstanding audit observations, largely pertaining to the Inspection Reports.

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

Highlights of the Annual Audit Plan 2016-17

Taking note of the experience gained from the implementation of the previous plans, the Annual Audit Plan 2016-17 accorded first priority to the Financial Attest Audit related assignments, including certification of accounts, and audit certificates for centrally sponsored schemes and externally aided projects. The topics selected for examination conformed to the focus areas identified in the Strategic Plan 2012-17, *i.e.* fiscal management, human development, infrastructure, rural and urban development, and national security. Equity and environmental concerns continue to be the steady concerns of the IA&AD and are suitably incorporated in the audit plans. In addition, the topics for audit were selected under the following three categories:

(a) Follow-up audits of accepted recommendations made in Performance Audit Reports 3 to 5 years ago;

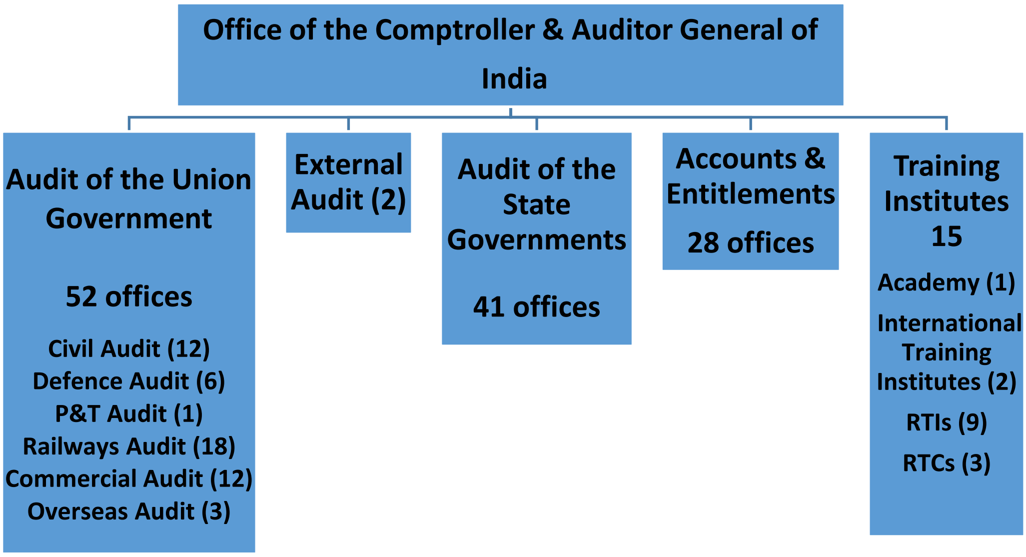
(b) Audit of areas involving 'Gender Justice' issues and mainstreaming of gender budgeting/ auditing concerns in normal audits, based on gender-dimensions of ongoing programmes/schemes;

(c) Audit of citizen-centric governance mechanism and delivery systems for public services to citizens.

The Annual Audit Plan 2016-17 also decided to reorient the audit focus, from a product orientation to process orientation i.e. the audit product would be decided after completion of the audit, depending on its outcome. The Annual Audit Plan 2016-17 planned to conduct financial attest audit of 407 PSUs, 379 autonomous bodies and 74 externally aided projects at the Union level, and 1288 PSUs, 1047 autonomous bodies and 255 externally aided projects at the State level. In addition, the Plan envisaged auditing of 18,128 out of 56,288 auditable units at the Union level and 43,338 out of 3,68,114 auditable units at the State level.

XI Our Organization

The Comptroller and Auditor General of India discharges his duties through the Indian Audit and Accounts Department. The Department consists of approximately 46,000 employees. The CAG's office located in New Delhi is the headquarters of IAAD. During 2016-17, it was supported by 138 field offices (133 offices spread across India and 5 offices located abroad). A list of the offices is at **Annex II**.



The Office of the CAG

The Office of the Comptroller and Auditor General of India in New Delhi directs, monitors and controls all activities connected with audit, accounts and entitlement functions of the Indian Audit and Accounts Department. It lays down the long term vision, mission and goals of SAI India. It also sets the policies, auditing standards and systems and carries out the final processing and approval of all Audit Reports. For carrying out these responsibilities, there are separate divisions dealing with Accounts and Entitlements, Civil Audit, Commercial Audit, Defence Audit, Railway Audit, Revenue Audit, State Governments Audit, Professional Practices, Strategic Management, Administration of Personnel, Training, Communication, Inspection of field offices, 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 CAG office is given at **Annex I**.

XII Field Offices in IAAD

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

- **Offices of the Directors General/ Principal Directors of Audit (37)** are responsible for audit of the activities of the Union Government, including Civil Ministries and Departments, Defence, Indian Railways and Posts & Telecommunications.

- **Offices of the Principal Directors of Commercial Audit and ex-officio Members Audit Board (MAB) (12)** are responsible for the audit of Central Public Sector Undertakings (PSUs). They certify the annual accounts of the Statutory Corporations and conduct Supplementary Audit of Government Companies. They also conduct compliance and performance audits in PSUs.
- **Overseas Audit Offices (3),** headed by Principal Directors in Washington, London and Kuala Lumpur, audit embassies and other Government establishments in each region.
- **External Audit Offices (2):** The office of the PDA in Rome was responsible for auditing the World Food Program *(it was closed in July 2016)*. A new office of Director of External Audit has been set up at New York in June 2014, to oversee the audit of United Nations being conducted by SAI India, as a member of the UN Board of External auditors.
- **Offices of the Principal Accountants General/Accountants General (Audit) (41)** in every State, are responsible for the audit of all receipts and expenditure of the State Governments, audit of Government companies, corporations and autonomous bodies in the States, as well as local bodies in the States.

Audit Offices (for Union Govt. and Overseas Audit offices)	
Civil	12
Defence	6
P&T	1
Railway	18
Commercial	12
Overseas Audit offices	3
Total	**52**
External Audit offices	**2**
Audit Offices for Audit of State Accounts	41
State Accounts and Entitlement Offices	28
National level Institutions/Regional Training Institutes/ Regional Training Centres	15
Grand Total	**138**

- **Offices of Accounts and Entitlements (A&E), headed by Principal Accountants General/ Accountants General (A&E) (28),** are engaged in maintaining the accounts of the State Governments and authorizing GPF and pension payments of their employees.
- **Training Institutes (15):** Three national level Institutions, nine Regional Training Institutes and three Regional Training Centres are engaged in the capacity building of the officers and staff in the IAAD.
- A list of the offices is at **Annex II** of this report.

XIII A Organizational Set Up for Audit of the Union Government

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

	Sectors
DAI (Commercial)	Economic and Infrastructure Ministries
DAI (Report Central & Local Bodies)	Social & General Services Ministries and Local Bodies
DAI (Government Accounts)	Government Accounts
DAI (Central Revenue Audit)	Central Revenues/Receipts
DAI (Defence, Communication & Railways)	Defence, Communication & Information Technology and Railways

- Field Audit offices auditing Ministries, *i.e.,* offices of Director General of Audit (Central Expenditure), Principal Director of Audit (Economic Services Ministries), Principal Director of Audit (Scientific Departments), Director General of Audit, Post & Telecommunications, Principal Directors of Audit (Railways), Directors General and Principal Directors of Audit, Defence and Principal Directors of Commercial Audit, have also been given sectoral profiles.
- In addition to the three existing offices in New Delhi, Mumbai and Kolkata for audit of receipts and expenditure of Central Government units, six more offices have been opened in Ahmedabad, Bengaluru, Chandigarh, Chennai, Hyderabad and Lucknow, along with nine branch offices in Port Blair, Guwahati, Gwalior, Kochi, Bhubaneswar, Allahabad, Patna, Ranchi and Jaipur, with effect from April 2012. These nine offices and nine branch offices deal with the audit of receipts and expenditure of the Central Government.
- A special cell has been created in the HQrs office for reviewing the performance of the Union Government in meeting its obligations under the Fiscal Responsibility and Budget Management Act.

XIII B Organizational Set Up for Audit of State Governments

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

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

- There are two State Audit offices in 10 States[3],*i.e.,* Principal Accountant General (Social and General Sector) and Principal Accountant General (Economic and Revenue Sector), with effect from 2 April 2012. In case of Maharashtra, the distribution of jurisdiction among Principal Accountant Generals is on a geographical basis. In case of other States, where there is only one Accountant General's office, distribution of jurisdiction among the Group officers has been done on a sectoral basis.
- The offices of Local Bodies Audit have been merged with the respective offices of Principal Accountant General (General and Social Sector Audit), with effect from 2 April 2012.
- Audit of State agencies implementing Centrally Sponsored Schemes continues to be carried out by the State Accountants General.

XIV Audit Advisory Board

There is an Audit Advisory Board, chaired by the CAG, to advise him on matters relating to audit and suggest improvements in the performance and focus of audit within the framework of the Constitutional mandate of the CAG. The Board includes eminent professionals from diverse fields. It is a reflection of our openness to external advice and has been identified as a good practice by the International Peer review Team. The members of the Board function in an

[3]*Andhra Pradesh, Gujarat, Karnataka, Kerala, Madhya Pradesh, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal*

honorary capacity. The Audit Advisory Board is reconstituted every two years. The members of Eighth Audit Advisory Board, constituted in August 2015, for the biennium 2015-17, were as under:

Shri Shashi Kant Sharma Comptroller and Auditor General of India	**Ex-officio Chairman**
Shri K V Chowdary Central Vigilance Commissioner	**Member**
CA Nilesh Shivji Vikamsey President, The Institute of Chartered Accountants of India	**Member**
Dr. Alwyn Didar Singh Secretary General, Federation of Indian Chambers of Commerce & Industry	**Member**
Shri Pradeep Kumar Former CVC & Retired IAS Officer	**Member**
Shri Shiv Shankar Menon Former NSA & Retired IFS Officer	**Member**
Shri Narendra Singh Retired Deputy C&AG	**Member**
Dr. Aruna Roy Social Activist	**Member**
Dr. Parthasarthi Shome Economist	**Member**
Dr. Vandana Shiva Environmentalist	**Member**
Shri Aamir Khan Actor & Social Campaigner	**Member**
Dr. Naresh Trehan Medical Expert	**Member**
Shri Satyajit Bhatkal Visual Media Director	**Member**
All Deputy C&AGs	**Ex-officio Members**
All Additional Deputy C&AGs	**Ex-officio Members**

The Board met twice during the year 2016-17, on 7 April 2016 and 10 November 2016. During these two meetings, various issues, relating to climate change, environment degradation, river cleaning projects, compensation for land acquisition, social audit, use of Information Technology in Audit, Big Data

Analytics, audit of local bodies, Integrated Financial Management System and audit of PPP projects, were deliberated upon.

Audit Advisory Boards have also been constituted in almost all the States under the Chairmanship of the Principal Accountants General/Accountants General. Other Accountants General in the State are members of the Board. Nominated members are drawn from amongst eminent academicians, professionals and retired Civil Servants.

Chapter 3

Key Results and Achievements in Auditing

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

The key outputs of these audits are Inspection Reports, Audit Reports and Audit Certificates. Ensuring the quality and timeliness of these audit products is a key result area of the IA&AD. In this Chapter, we report on the audits performed by us and the highlights of our audit products during 2016-17.

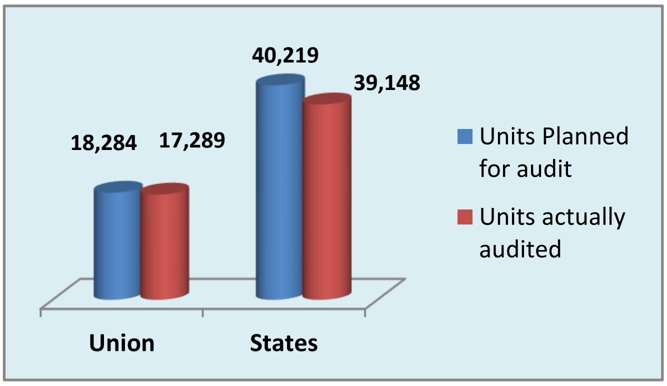
I Compliance, Performance, Financial Attest Audit and Audit Reports

The IA & AD conducts performance, financial and compliance audits. The details of audits conducted during 2016-17 are given in the following paragraphs:

IA Compliance Audits:

(i) Audit Coverage

A total of 56,437 units were audited during 2016-17. The graph below shows that 94.56 *percent* of the planned audits at the Union level and 97.34 *percent* of the audits planned at the State level were completed.



(ii) Inspection Reports

Inspection reports are the primary products of audit, issued on completion of audit of every audited entity. Of the 56,437 units audited during the year, inspection reports in case of 51,061 units (90.47%) were issued in 2016-17. At the Union level, 93.19 *percent* of the inspection reports were issued on time i.e.

within 30 days, while at the State level, the on-time performance was 75.86 *percent*.

	Inspection Reports issued	Inspection Reports issued within 30 days	Percentage of IRs issued within 30 days
Union	**16,222**	**15,117**	**93.19%**
State	**34,839**	**26,429**	**75.86%**
Total	**51,061**	**41,546**	**81.37%**

(iii) Observations made in compliance audit:

Significant audit observations made in compliance audit are included in the Compliance Audit Reports. During 2016-17, 2619 paragraphs (1,159 in the Union reports and 1,460 in the State reports) were included in these reports. At the Union level, 812 of the 1,159 paras were accepted and 87 paras were partially accepted by the audited entities.

At the State level, of the 1,460 paras, 567 were accepted and 161 were partially accepted by the audited entities.

IB Performance Audits

Audit Reports on 183 performance audit topics were approved during 2016-17, as summarized below.

	Performance Audit Topics
Union Level	**46**
State Level	**137**
Total	**183**

IC Financial Attest Audit

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

We examined 4,046 accounts of Union and State Governments, PSUs, Autonomous Bodies, externally aided projects and others. 3,372 certificates of audit were issued within the prescribed time frame.

	Accounts examined	On time Audit Certification
Union/State Government	299	279
PSUs	1,471	1,170
Autonomous Bodies	700	460
Externally Aided Projects	194	160
Others	1,382	1,303
Total	**4,046**	**3,372 (83.34 *percent*)**

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

ID Audit Reports

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

We prepared 150 Audit Reports (which included results of Reports on 183 Performance Audit Topics) during 2016-17, 49 for tabling in the Parliament and 101 in the State Legislatures. Of these, 10 Reports for Parliament and 24[4] Reports for the State Legislatures were tabled after March 31, 2017. Further, 6 Union Audit Reports and 49 State Audit Reports of previous years were also presented to Parliament/Legislatures during 2016-17.

[4] Two Reports of West Bengal *i.e.* Report No. 4 of 2016 and Report No. 3 of 2017 are yet to be placed.

We made 2,016 recommendations to our audited entities at the Union and State levels. Of these, 838 recommendations were accepted.

	No. of Reports prepared during the year	Recommendations made	Recommendations accepted
Union Government	49@	388	173
State & Union Territory Governments	101@@	1,628	665
Total	**150**	**2,016**	**838**

@ Out of 49 Reports, 39 were presented to Parliament during 2016-17.

@@ Of these, 75 Reports were presented to the State Legislatures during 2016-17.

II Our Audit Impact

IIA Recoveries at the instance of Audit

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

(₹ in crore)

	Recoveries pointed out	Recoveries accepted	Recoveries effected
Union Government	**39,952.56**	**19,965.22**	**2,566.58**
State Governments	**88,506.00**	**22,746.78**	**4,350.50**
Total	**1,28,458.56**	**42,712.00**	**6,917.08**

The audited entities accepted about 33.25 *percent* of the recoveries pointed out by audit. The Government recovered ₹6,917.08 crore, which is only about 5.38 *percent* of the amount pointed out for recovery and 16.19 *percent* of the amount accepted. The amount recovered is significantly higher than the total expenditure of IA&AD during 2016-17, which was ₹4,042.53 crore**.**

During the last 5 years, the audited entities have accepted recovery of ₹ 2,28,249 **crore out of** ₹ 6,58,067 crore of recoveries pointed out by us and effected recoveries of ₹ 20,909 crore, indicating the contribution of the IA&AD to fiscal management.

IIB Performance Audit

Reports on 183 performance audit topics were finalized during 2016-17. We made 1,318 recommendations, of which 567 recommendations were accepted by the audited entities, as summarized below.

	Performance Audit Topics	Recommendations made	Recommendations accepted
Union Level	**46**	**303**	**142**
State Level	**137**	**1,015**	**425**
Total	**183**	**1,318**	**567**

IIC Financial Impact of the Audit of Annual Accounts of PSUs

In case of annual accounts of Government companies and corporations, we conduct supplementary audit, under section 619 (4) of the Companies Act, 1956. Corrections were made in the accounts of 168 companies and corporations, as a result of supplementary audit. The implication of these changes was: (a) Amendment to Notes to the Accounts: ₹26,865 crore (b) Classification mistakes: ₹35,574.14 crore (c) Changes in profit and loss: ₹5,539.75 crore and (d) Changes in assets and liabilities: ₹17,739.63 crore.

III Major Audit Findings

During the year, 45 Reports (including 6 Reports of previous years) were tabled in the Parliament and 124 Reports (including 49 Reports of previous years) in the State Legislatures. Copies of these Reports are available on our website www.cag.gov.in. Some of the significant findings appearing in these Reports are highlighted below:

III A CAG Reports tabled in the Parliament

Defence Services (Army) - Performance Audit on Working of the Canteen Stores Department (CSD) - Report No. 38 of 2016

- Public Accounts Committee (PAC) had desired that an amicable solution be arrived at so that neither the entire supply chain management was adversely affected nor the payment of Value Added Tax (VAT) blocked or delayed. Business operations of Base depot continued to be uneconomical. Blockage of VAT refunds of ₹485.47 crore and additional burden of Rs.43.89 crore on ultimate consumers was attributable to increasing reliance on the Base Depot.

- As no specific mechanism was laid down or procedures evolved to monitor the price variation of the products held in CSD inventory, the Suppliers managed to evade the passage of benefit of reduction of prices to CSD. Further due to delay in finalization/approval of price revision offered by suppliers, the benefit of price reduction amounting to Rs.6.61 crore recovered could not be passed on to the consumers.
- Discrepancies in implementation of VAT notifications of various State Governments resulted in blockage of Government funds due to long outstanding VAT refund claims (₹1001.97 crore), disallowance of VAT by State Governments (₹43.47 crore), levy of penalty for incorrect submission of VAT returns and non-implementation of VAT notification properly (₹23.77 crore). Further CSD failed to include VAT amount while working out the whole sale price which resulted in loss of Rs.43.78 crore.
- QD amount is being sanctioned without adhering to the General Financial Rules (GFR) provisions and is not being used as per the guidelines like transfer of ₹ 29.49 crore to higher formations; furnishing Utilization Certificate (UC) without fully utilizing the fund and retaining the unspent amount in their account (₹10.11 crore).
- Excess drawal of liquor than the entitlement to the extent of ₹5,14,369 units valuing ₹5.14 crore at a minimum base price of Rs.100 per bottle of Rum was observed in 20 URCs which may find way to illegal sale in open market.

Defence Services (Army) - Performance Audit on Construction of Indo China Border Roads by Border Roads Organisation - Report No. 5 of 2017

- All 61 Indo China Border Roads (ICBR) included in Border Roads Development Board's programme were planned to be completed by 2012. We, however, observed that out of 61 ICBRs planned to be completed by 2012, only 15 roads had been completed by 2012. Out of the balance 46 roads, only 07 roads were completed by March 2016 extending the Probable Date of Completion (PDC) of balance roads up to the year 2021. Thus 22 roads (36 percent) had only been completed up to March 2016, despite incurring an expenditure of ₹4536 crore (98 percent) against estimated cost of ₹4644 crore for 61 ICBRs.
- Audit noticed numerous instances of defective construction of roads on account of unsuitable design/specifications, steep gradient, defective alignment, turning problems, improper contract management, poor riding conditions, inadequate drainage facilities, non-connectivity of roads and abandonment of executed works. This had not only resulted in delay in completion of strategic roads but also an infructuous expenditure of ₹63.20 crore on account of corrective action/realignment

of roads. The non-completion/ faulty specifications of works have a serious bearing on the operational capability of the armed forces in strategically sensitive areas.

- Users expressed their dissatisfaction as the road works executed by BRO did not adequately meet the users' requirement. Users' feedback indicated that there were issues like improper gradient, undulating surface, improper turning radius, minimum passing places and unsatisfactory riding comfort in the 17 roads out of 24 selected for audit. Even six roads which had been completed at a cost of ₹164 crore, were not fit for running of specialized vehicles/equipments such as Smerch, Pinaka and Bofors due to above limitations.

Defence Services (Navy & Coast Guard) – Report No. 17 of 2016

- Acquisition of Sewage Barges initiated by Indian Navy is yet to fructify since November 2007 because of its failure to carry out the required capacity assessment of the shipyard resulting in non-achievement of the core objective of prevention of sea pollution despite spending ₹25.97 crore.
- The Ministry concluded a contract on 8 March 2010 with a foreign firm for the procurement of armament for MiG29K/KUB by providing price escalation to the firm although an option clause was valid till 27 March 2010 under an earlier contract, resulting in an avoidable expenditure of ₹9.97 crore.
- Integrated Headquarters, Ministry of Defence (Navy) procured Magnetrons for the refurbishment of Transmitter Receiver Units (TRUs) of Radar System of Sea King helicopters from a particular firm at an extra expenditure of ₹8.68 crore. Even after refurbishment, only five TRUs were serviceable against a requirement of 17 TRUs resulting in limited exploitation of the Sea King fleet for local missions only.
- Lack of coordination amongst various Directorates/establishments and ships within Navy resulted in avoidable procurement of five Radio Receiver Beacons worth ₹6.19 crore.
- Indian Navy's failure to submit the details of capital expenditure and maintenance charges to Airports Economic Regulatory Authority of India (AERA) denied them the revised tariff rates for the landing charges for the Goa Airport resulting in under recovery of ₹6.18 crore since July 2013.
- Failure of the Ministry of Defence/Coast Guard/Defence Estate Office (Visakhapatnam) to take cognizance of the Gazette notification entailing requirement of 'No objection certificate' by the Navy resulted in non-setting up of Air Enclave for the Coast Guard on the land acquired from

the Visakhapatnam Port Trust at a cost of ₹5.73 crore. This in turn affected the operational preparedness of the Coast Guard besides rendering the investment unfruitful.

Defence Services (Air Force) – Report No. 18 of 2016

- The controls designed to ensure that other entitled persons (OEPs) utilized the VIP fleet only in inescapable cases for routes connected by commercial air services were not working. Detention charges amounting to ₹32.25 crore were not raised/levied.
- IAF procured (June 2011) ten C-17 Globemaster III aircraft and associated equipment at a total cost of USD 4,116 million (₹18645.85 crore) from Government of United State of America (USG) under Foreign Military Sales (FMS) route. There was delay in completion of specialist infrastructure and setting up of simulators required for training to pilots and loadmasters was also delayed. There was under-utilization of operational capabilities of C-17 aircraft partially due to non-availability of runway with appropriate pavement classification number (PCN) and lack of ground equipment at various bases.
- Indian Air Force (IAF) worked out the requirement of Dornier aircraft at below the envisaged utilization rate resulting in procurement of 14 additional aircraft costing ₹891 crore.
- IAF failed to timely conclude contract which led to extra expenditure of ₹19.31 crore due to rate revision by OEM. The Total Technical Life (TTL) of 104 'X' systems expired in April 2009, but even after lapse of over six years and incurring expenditure of ₹101.52 crore, efficacy of 'X' system was doubtful.
- Incorrect projection of requirement resulted in excess provision of hangars at an avoidable cost of ₹24.28 crore.
- Access Control Systems (ACSs) procured for 100 AF units at ₹13.65 crore had shortcomings. Further, in spite of procurement of add-on facilities to enhance its utility at additional ₹7.38 crore, the utilisation of the ACS was ineffective.

Communications and IT Sector – Report No. 29 of 2016

- Controller of Communication Accounts (CCA), Rajasthan Telecom Circle allowed front loaded subsidy of ₹71.49 crore on the basis of claims submitted by M/s Tata Teleservices Limited (TTSL) during 2008-2010 without conducting any check regarding genuineness of Customer Application Forms (CAFs) before disbursement of subsidy. Further, CsCA at Odisha and Kerala circles paid subsidy on duplicate claims amounting to ₹0.82 crore to BSNL and Reliance Communication Limited.

- Management of fund of Postal Life Insurance (PLI) and Rural Postal Life Insurance (RPLI) suffered from deficiencies like incorrect assessment of investable funds on daily net accretion basis and also monthly investable fund basis. The delay in Investment resulted in loss of potential return to the tune of ₹984 crore. Delay in reinvestment of returns from Government of India Special Security Floating rate Bond (GOISSFRB) , non-adherence to Insurance Regulatory and Development Authority (Investment) Regulations and instances of non-availing of Cenvat credit were also noticed.
- Department of Posts did not assess the actual requirement before acquiring/purchasing the plots of land.It was in possession of 472 vacant freehold plots measuring 6.77 lakh square meters having value of ₹209.55 crore as of December 2015. Besides, 100 plots measuring 4.08 lakh sq. meter acquired on lease as far back as in 1978 for construction of post office buildings/staff quarters were still lying vacant and an amount of ₹3.37 crore was paid towards lease rent upto 2014. 241 plots of 3.24 lakh square meter acquired at ₹13.94 crore were encroached. Failure of the department in taking adequate precautionary measures not only resulted in encroachment but also led to unnecessary litigation which could have been avoided.
- Standardization, Testing & Quality Certification Directorate (STQC) of Department of Electronics and Information Technology (DeitY), awarded the building works to Software Technology Parks of India (STPI) without assessing their techno commercial competence. STPI was not having any Civil Engineering Wing and could not handle their contractor and architect properly and abandoned the work without completion. This led to non-completion of the building as of June 2016 even after a lapse of 14 years of allotment of land to STQC. It also resulted in unfruitful expenditure of ₹9.33 crore on the project and blockade of ₹3.47 crore with STPI.
- DeitY gave an advance of ₹10.50 crore to National Institute of Smart Governance (NISG) for execution of e-Bharat Project Preparation Facility. As NISG failed to execute the project, DeitY diverted an amount of ₹3.36 crore for another World Bank assisted project “India e-Delivery of Public Services” again to be executed by the NISG and ₹6.36 crore was refunded by NISG to DeitY leaving behind an amount of ₹0.78 crore of unutilized grant with the NISG. Interest on unutilized grant amounting to ₹7.77 crore upto 31 January 2016 has also not been recovered by DeitY from NISG.

- Non-appointment of the Chairperson of Cyber Appellate Tribunal since July 2011 coupled with lack of provision for vesting the members of Tribunal with powers to constitute benches and disposal of appeals defeated the very purpose of its creation resulting in unfruitful expenditure of ₹27.64 crore on salary and other establishment expenditure for the period from April 2011 to March 2016 during which not a single case was heard or disposed off even though 66 cases of appeals were pending as of March 2016.

Department of Revenue - Direct Taxes - Performance Audit on 'Allowance of deduction to the assessees engaged in infrastructure development' - Report No. 28 of 2016

- The Income Tax Department (ITD) irregularly allowed deduction to assessees in 33 cases across 13 states in respect of infrastructure developed by joint venture formed by collaboration with foreign companies, undertakings owned by Association of persons (AOPs), assessees who did not enter into agreement with the Government, non-compliant Industrial park and excluded works contractors. This resulted in underassessment of income involving tax effect of ₹205.84 crore.
- The ITD irregularly allowed deduction to assessees in 16 cases in eight states where the business of the assessees such as sale of plots, projects not covered under infrastructural facilities, conversion charges, development/maintenance of park etc, were not eligible for the deduction. This resulted in underassessment of income involving tax effect of ₹174.35 crore.
- The ITD irregularly allowed deduction to assessees in 19 cases in eight states in respect of income earned through sale of carbon credit which involved tax effect of ₹34.77 crore.
- The ITD irregularly considered additions made on account of treatment of expenditure as revenue, sale of fixed assets, disallowance made u/s 40A(3) 14A, 40(a) etc., for deduction in nine cases in five states. Consequently, the allowances were more than the amount claimed by the assessee involving consequential tax effect of ₹74.66 crore.
- The ITD irregularly allowed deduction to assessees in eight cases in two states in respect of profits derived from 'Railway Sidings/Jetties' constructed and operated by the assessees for their private purposes, which did not qualify to be treated as infrastructure facilities in terms of Explanation to section 80 IA(4). Irregular allowance of deduction attracted tax effect of ₹2066.70 crore.

Department of Revenue – Direct Taxes - Performance Audit on 'Implementation of TDS/TCS Schemes' - Report No. 4 of 2017

- In 168 cases the Assessing Officer (AO)/Tax deducted at source (TDS) failed to impose interest amounting to ₹902.16 crore on the defaulting tax deductors. In 155 cases the AO failed to disallow expenditure though the tax was not deducted at source or deducted but not deposited by the assessee, resulting in short levy of tax of ₹2026.42 crore.
- The criteria for selection of verification of TDS returns were not prescribed by the Central Board of Direct Taxes (CBDT). In more than 50 per cent of the Commissioner of Income Tax(TDS) charges, the annual target of number of surveys to be conducted was either not fixed/not available or was zero and the ITD's approach towards fixing of target for conducting of surveys was not scientific. Further, the ITD was not doing sufficient 'Know Your Customer' (KYC) before allotting 'Tax Deduction/Collection Account Number' (TAN) to tax deductors leading to non-tracking of all TDS defaulters.
- The extent of unconsumed TDS challans was significant in terms of number as well as amount involved and the facility of tagging of unconsumed challans was not being utilized by all AOs. Non-utilization of facilities available for AO (TDS) on portal of Centralized Processing Cell (TDS) for realization of resolvable demand and resolving defaults from defaulters report of tax deductors was high.

Civil - National Food Security Act - Report No. 54 of 2015

- Only 51 per cent of the eligible beneficiaries had been identified and 49 per cent beneficiaries were yet to be identified in all the States/UTs.
- Most of the implementing States did not identify the Antyodaya Anna Yojana (AAY) and priority household's beneficiaries as per the provisions of the NFSA but used the old database of beneficiaries for extending the benefits.
- National Food grains Movement Plan was not prepared despite being decided in the year 2012.
- In the test checked States the storage capacity of foodgrains was not adequate for holding three months requirement and the condition of existing storage capacity with the States/UTs needed upgradation.
- Door step delivery of foodgrains was not implemented in Assam, whereas in UP and Maharashtra it was implemented partially.
- Inadequate digitization of the identified beneficiaries' data was observed in the States/UTs.

- Six out of nine selected States/UTs were found to have put in place the grievance redressal mechanism, these were not fully functional. Vigilance committees at all the four levels were not in existence in any of the selected States\UTs. Ministry did not have the information on grievance redressal mechanism and vigilance committee, and was not in position to monitor the implementation.

Civil - Passport Seva Project - Report No. 7 of 2016

- The appointment given to persons seeking issue of passport ranged from 1 to 68 days. The waiting period for giving an appointment ranged from 0-3 days in 38 Passport Seva Kendras (PSK), 3-10 days in 12 PSKs, 11-30 days in 17 PSKs and more than 30 days in 12 PSKs. The average time taken for police verification process was 42 days at national level in 2014 against the prescribed ceiling of 21 days. In few Regional Passport Offices (RPOs) pendency in printing ranged from three to eight days. The Ministry did not have status of delivery for 27.38 lakh dispatched passports.
- Average time taken by the citizen in the PSK was 78 minutes against the prescribed time limit of 25 minutes (from token issue time to exit time) in four PSKs under RPO Delhi leading to overcrowding inside the PSKs.
- As per data provided by the Ministry of External Affairs, 25 per cent of total grievances received remained unattended till the end of the year. No refund option is provided to the applicants in PSP which resulted in collection of ₹78.46 crore from 5,42,168 applicants during October 2013 to December 2014, who finally did not turn up for appointments.
- A Master Service Agreement (MSA) was signed between Ministry and service provider for running PSP. MSA prescribed governance structure (Empowered committee, Program Management Committee) for monitoring of PSP. Audit observed that certain clauses relating to terms of payment schedule of MSA were inconsistent and required modification and weak governance as the Empowered Committee and Programme Management Committee were either not functioning or not involved in the function for which they were constituted.

Civil - Civil Mahatma Gandhi National Rural Employment Guarantee - Social Audit - Report No. 8 of 2016

- Social Audit Units were not set up in Arunachal Pradesh, Goa, Kerala, Uttarakhand, Himachal Pradesh, Jammu and Kashmir and Jharkhand.
- In 14 states where independent Social Audit Units had been established, the shortage of 43 (22 per cent) State Resource Persons, 358 (24 per

cent) District Resource Persons and 1957(57 per cent) Block Resource Persons were observed.

- In Assam, Bihar, Haryana, Gujarat, Punjab, Tripura and Uttar Pradesh, door to door visits were not carried out to meet beneficiaries and share relevant information with them.
- Assam, Bihar, Gujarat, Maharashtra, Tripura and Uttar Pradesh did not have any evidence of physical verification of work sites. In Punjab and Haryana, physical verification of work sites was not carried out.
- Instances of non-convening of Gram Sabha meetings, low participation of village community, non-discussion of Social Audit findings, non-preparation of Social Audit Reports in local language and prescribed format, non-video recording and uploading of proceedings of Gram Sabha and Social Audit Reports on website, etc. were observed.

Civil – Compliance Audit – Report No. 11 of 2016

- **Ministry of Civil Aviation**: In spite of non-fulfilment of the conditions stipulated in the bidding documents, the Compact Technology Light Sport (CTLS) aircrafts were irregularly selected by Aero Club of India (ACI). Further, Director General of Civil Aviation did not convey to ACI regarding withdrawal of approval given earlier to CTLS aircrafts. Resultantly, the CTLS aircrafts procured by ACI (December 2011) were lying idle (November 2015), defeating the purpose of their acquisition and rendering expenditure of ₹2.39 crore incurred as unfruitful.
- **Ministry of Coal**: Despite clear directions of Ministry of Coal in May 2007, Coal Mines Provident Fund Organisation did not take initiative for installation of electric meters in its residential quarters at Headquarters, Dhanbad and continued to supply electricity to its employees at nominal rate which resulted in under recovery of energy charges to the tune of ₹2.16 crore during the period from 2010-11 to 2014-15.
- **Ministry of Commerce and Industries**: Non-collection of service tax by Agricultural and Processed Food Products Export Development Authority from exporters of scheduled products and lawyers, from whom legal services were availed by it, resulted in avoidable expenditure of ₹6.15 crore.
- **Ministry of Culture**: Poor planning and increase of scope of work without approval of Finance Committee resulted in drastic increase in expenditure from ₹1.41 crore to ₹7.63 crore and further expenditure of ₹6.77 crore was assessed to complete the project.

- **Ministry of External Affairs**: Incorrect adoption of prevailing official exchange rate by High Commission of India (HCI) Ottawa and its Consulates in Toronto and Vancouver in June 2010 instead of the exchange rate for visa fees as required under the Manual and unwarranted downward revision of service fees for renunciation of Indian citizenship and penalty on misuse of passports later in March 2013, resulted in less collection of revenue of ₹27.01 crore.
- **Ministry of Health and Family Welfare**: Incorrect determination of 'use factor' for calculation of service charges on property tax by the Safdarjung Hospital resulted in excess payment of ₹4.60 crore to New Delhi Municipal Council.
- **Ministry of Home Affairs**: The action of the Ministry to set up National Disaster Response Academy by merging two existing institutions was in deviation to its earlier decision to establish the Academy on an independent plot of land. As a result of poor planning, NDMA had incur an additional expenditure of ₹2.48 crore on account of cost escalation. Further, the entire expenditure of ₹18.61 crore incurred on purchase of land has been rendered unfruitful.
- **Ministry of Information and Broadcasting**: Audit of Central Board of Film Certification revealed many systemic deficiencies such as unexplained delays in the certification process, altering of order of films for examination by the Committee, conversion of certified films from A to UA/A category etc. Audit also evidenced lack of internal controls within the CBFC for tracking the records of film certification which carried a risk of issue of duplicate certificates for the same film to different individuals not holding copyrights.
- **Ministry of Micro, Small and Medium Enterprises**: Inadequate follow-up of loans by Khadi and Village Industries Commission (KVIC) resulted in non-recovery of Rs.551.46 crore and funds amounting to ₹226.70 crore, meant for development through execution of Schemes and Programmes, were diverted to service the loans of institutions.
- **Niti Aayog**: Unique Identification Authority of India (UIDAI) in contravention of the provisions of the contract extended undue favour to the vendor (M/s Wipro Limited) and incurred an avoidable expenditure of ₹4.92 crore on Annual Maintenance Contract of the equipment for a period covered under warranty/free maintenance.
- **Ministry of Textile**: Tendering process adopted by Apparel Export Promotion Council (AEPC) for leasing of furnished office accommodation was flawed. Though, M/s Teesta Urja Limited (TUL) did not participate in

the tendering process, their bid was considered one week after opening of the bids. A number of post contractual benefits were extended to M/s TUL, which were highly unfavourable to AEPC resulting in undue financial benefits to M/s TUL and loss of revenue of ₹17.42 crore to AEPC.

Civil - Pradhan Mantri Gram Sadak Yojana (PMGSY) – Report No.23 of 2016

- In seven states (Andhra Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Meghalaya, Mizoram and Telangana), discrepancies in District Rural Road Plan such as absence of basic information on population of habitations, status of connectivity, road inventory and maps, non-approval by District Panchayat, taking village instead of habitation as unit of connectivity, etc., were observed.
- 372 works in 11 states (Andhra Pradesh, Assam, Chhattisgarh, Madhya Pradesh, Maharashtra, Meghalaya, Odisha, Rajasthan, Telangana, Uttar Pradesh and West Bengal), were abandoned/proposed to be abandoned mid-way due to non-availability of land or land disputes after incurring expenditure of ₹280.01 crore.
- In nine states (Arunachal Pradesh, Chhattisgarh, Jharkhand, Manipur, Odisha, Sikkim, Telangana, Tripura and Uttar Pradesh), irregularities in award of contract such as award of work to ineligible contractor, change in criteria to assess bid capacity, non-finalisation of works within validity period, award of work without tendering process, non-obtaining of additional performance security for unbalanced bid, etc., were observed.
- In eight states (Haryana, Karnataka, Kerala, Mizoram, Sikkim, Tamil Nadu, Uttar Pradesh and Uttarakhand), programme fund of ₹25.15 crore was diverted towards maintenance fund, administrative expenses fund, salary and wages, restoration of damaged properties, etc. Further, in five states (Kerala, Manipur, Tamil Nadu, Tripura and Uttarakhand), administrative funds of Rs.11.78 crore were diverted towards inadmissible items.
- In 12 states, {Assam, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Mizoram (four districts), Rajasthan, Tamil Nadu, Telangana, Tripura, Uttarakhand and West Bengal}, irregularities such as non-establishment of field laboratories, non-availability of equipments, non-deployment of trained manpower and non-conducting of required tests were observed.
- Joint physical verification of completed roads showed cases of multiple-connectivity, mid-way abandonment of works, work shown completed without providing full connectivity, poor maintenance of roads, roads not functional for traffic, conclusion of contracts without rectification of

defects, non-planting of fruit bearing trees on both sides of PMGSY roads, etc.

Commercial - Compliance Audit (Report No. 15 of 2016)

- The control rooms of Tap-off-Point stations of pipelines are required to be positioned at least 60 meters from storage tanks. This was violated in respect of four storage tanks of IOCL on the Guwahati-Siliguri pipeline.
- Although the 869 km long KG Basin pipeline network was designed for transmission of dry gas, ONGC was supplying wet and sour gas thereby exposing the GAIL pipeline to corrosion. The report attributes accidents resulting in loss of lives in Ponnamada-Kadali Natural Gas Pipeline (2010) and Tatipaka-Kondapalli pipeline (2014) to this factor on the basis of various studies conducted.
- Accumulation of muck and debris in pipeline resulting from delay in carrying out IPS led to loss of two lives, through ejection of the 'pig' when IPS was actually conducted in Vizag-Secunderabad LPG Pipeline.
- The Non Performing Assets (NPA) of HUDCO as at the end of 2014-15 was ₹ 4795 crore and constituted 6.3 percent of gross outstanding loans. The NPA increased from 5.46 in 2010-11 to 6.3% in 2014-15.
- HUDCO relaxed pre-disbursement condition of signing of fuel supply agreement, coal linkage and Power Purchase Agreement and disbursed loan of ₹493. 34 crore to M/s RKM Powergen Private Limited in March 2008 and May 2010. The loan with an outstanding of ₹482.57 crore became NPA in July 2014.
- Similarly HUDCO sanctioned a loan of ₹360 crore in July 2007 to M/s KVK Nilachal Power Private Limited after relaxing pre disbursement condition of signing of fuel supply agreement and Power Purchase Agreement and condition on promoter providing equity contribution of ₹354.56 crore. The loan with an outstanding of ₹348.71 crore became NPA in October 2014.
- The report also mentions that HUDCO in contravention of directions of National Housing Bank (regulator for housing financing company) adjusted ₹134 crore towards interest during 2014-15 from accounts of M/s RKM Powergen Private Limited and M/s KVK Nilachal Power Private Limited after their loans became non-performing assets.
- The report highlights omission on the part of IFCI Factors Limited to invoke personal guarantee of promoter and corporate guarantee of Group Company in respect of loan to Gangotri Iron & Steel Company Limited as well as delayed sale of pledged shares led to non-recovery of dues of ₹13.22 crore.

- Power Finance Corporation Limited disbursed loan of ₹185.2 crore to M/s Jas Infrastructure and Power Limited 16 months after sanction of the loan without carrying out additional due diligence in the context of investigation on fraudulently securing coal block. The loan with an outstanding of ₹239.36 crore became NPA in October 2015.
- Mumbai International Airport (MIAL) did not pay ₹9.02 crore (including interest of ₹2.02 crore) for the period 2013-14 to 2014-15 to Airports Authority of India (AAI) relating to non-refundable deposits collected by MIAL from bidders who submitted bids for allotment of space at new terminal T2.
- Similarly the report points out a short realisation of annual fee of ₹41.21 crore (including interest of ₹18.62 crore) during the period 2010-11 to 2014-15 by AAI being the revenue earned by AAI through recovery of electricity and water charges from trade concessionaires in the Mumbai airport at rates higher than that actually paid by MIAL to the concerned authorities for these services.
- MIAL had also constituted a Marketing Fund to promote business of concessionaires at Mumbai International Airport by collecting 0.5 per cent of net sales from each concessionaire. AAI should have received Rs.7.79 crore (including interest of ₹2.02 crore) from MIAL till March 2015. This has not been paid. A loss of revenue from Delhi International Airport Limited (DIAL) for the same reason amounting to ₹35.69 crore (including interest of ₹11.84 crore) till March 2015 is also pointed out in the report.

Commercial – Compliance Audit Report on e-Auction of Coal Mines (Report No. 20 of 2016)

- In 11 out of 29 coal mines successfully e-auctioned in 1st & 2nd tranche, a number of Qualified Bidders (QBs) in the e-auction stage were from the same company/parent-subsidiary company coalition/Joint Venture (JV). In a scenario where the Standard Tender Document (STD) allowed participation of JVs and simultaneously limited the number of QBs which could participate in the e-auction, Audit could not draw an assurance that the potential level of competition was achieved during the Stage II bidding of these 11 coal mines auctioned in the first two tranches. In the 3rd Tranche, the Ministry amended the clause of JV participation with the objective of increasing participation.
- The roles and responsibilities regarding monitoring of the e-auctioned coal mines were not clear at Coal Controller's Organization and monitoring mechanism at NA was under process of evolution. No mechanism existed to

cross check the production figures provided by the prior allottee. There was a mismatch in eight cases between the production quantities submitted by prior allottees to State Governments for royalty *vis-à-vis* submitted to CCO for payment of additional levy.

- There were inconsistencies and inaccuracies in following some of the assumptions and there were various errors in computation of intrinsic values which cumulatively resulted in under determination of upfront amounts, floor prices and revised fixed rates of the coal mines e-auctioned.
- Even after a lapse of more than 12 months from issue of vesting orders, operationalisation in 15 out of 26 vested coal mines were pending which had the potential to adversely affect objective of early auctioning of these coal mines.
- Disqualification of West Bengal Power Development Corporation Limited (WBPDCL) in February 2015 from the e-auction of Sarisatolli and Trans Damodar coal mines on the ground that it was a prior allottee and had not paid the requisite additional levy was not in line with the existing provisions as the Company did not fall into the definition of prior allottee amenlded by the 2nd Coal Mines (SP) Ordinance of December 2014.
- Power sector coal mines were auctioned with the objective to provide cheaper coal and augment the power production to benefit the consumers of power. However, due to the vulnerabilities such as stipulation regarding non-recovery of various charges from power consumers, weaknesses in the monitoring system and limited period of bank guarantee, the risk of non-compliance with contractual obligations was high, which could adversely affect the sustainability of the model in the long run.
- The Nominated Authority (NA) recommended the name of preferred bidder to MOC for declaring successful bidder for 32 coal mines. Out of these 32 cases, MOC sent eight cases to NA for re-examination. NA endorsed its earlier stand and requested MOC to take an appropriate decision on the matter. MOC examined the cases and rejected the recommendation of NA in respect of three coal mines. Though Audit had not commented upon any individual case, it holds the view that that broad guidelines incorporating the parameters to be applied by NA and by MOC for evaluation of final bid prices would enhance transparency of the bidding process and may eliminate avoidable litigation.
- Exclusion of payment of additional premium for coal used for generation of merchant power, where the tariff is not regulated, resulted in a scenario where the power producers would be paying lesser amount to the Government for merchant sale of power as compared to power sold under

regulated rates under various Power Purchase Agreements. This appeared to be not in consonance with the CCEA approved methodology.

Commercial – Compliance Audit Report on Crude Oil Production Measurement and Reporting System in ONGC (Report No. 21 of 2016)

- **Reporting of 'condensate' as crude -** ONGC included 'condensate' production in crude oil production, which constituted 7.07 percent of the reported crude oil production.
- **'Off-gas' reported as crude -** Partially stabilised crude oil dispatched from the offshore platform is stabilised at the Uran Plant. In Uran, the dissolved gas in crude oil is separated at the Crude Stabilisation Unit. This separated 'off gas' has been included in the reported crude production which resulted in over reporting of crude oil production. During the period from 2010 to 2015, 'off gas' production accounted for one per cent of the reported crude oil production of ONGC.
- **Basic Sediment and Water (BS&W) reported as crude -** BS&W removed during the stabilisation process at Uran plant is included in crude oil production, which accounted for 3.9 per cent of the reported crude oil production of ONGC.
- **Measurement of crude oil at offshore platforms -** Uran plant maintains electronic and physical logs of the measurements of receipt of crude oil. However, at the offshore platform, no logs (either electronic or physical) were maintained even though the flow computers have provisions for the same. There is no audit trail. The water content in the crude oil measured (Jan 2015 – August 2015) in offshore platform was consistently lower than that in the crude receipt at Uran, the average difference was 0.81 percent for MUT and 1.65 percent for HUT pipelines. In 2003, ONGC had appointed a consultant, M/s IHRDC in this regard who had opined that the consistent trend of discrepancy pointed to un-representative sampling on the part of ONGC. Audit analysis indicated that the situation has persisted for over a decade without being addressed.
- **Inconsistency in measurement procedures** - There was no standard operating procedure for measurement of crude oil in onshore assets. As such, different onshore assets measure production at different points of the value chain and use different set of measurement techniques for the purpose.
- **Mismatch between reported and measured quantity of crude oil in Western Onshore Assets -** In Ankleshwar, Ahmedabad and Mehsana Assets, the daily production reports communicated to the base office of the Asset was much higher than the actual/measured production.

- **Accounting of Pit oil stock as crude oil production -** Ahmedabad Asset recognised 1.34 lakh MT of crude oil as Pit Oil stock in closing stock (accumulated from 2006-07 to 2009-10). While this increased the production quantum of crude oil, the Asset did not value this stock in the books of accounts and the closing stock quantity pertaining to pit oil was gradually written off.
- **BS&W and free water drained after reporting crude oil production -** Ankleshwar, Rajahmundry and Cauvery Assets have reported significant water drainage after processing and before custody transfer of the crude to the refinery. Such a high quantity of water drainage, post processing, raises doubt on the efficiency of the processing installations and contributed to overstatement of crude production.
- **Shortcomings in the measurement system of crude oil in onshore Assets -** Audit noticed various shortcomings in the measurement system of crude oil in onshore Assets of ONGC. *For example,* tank calibration was not carried out every five years as mandated and most of the 120 tanks in Assam Asset had not been calibrated or cleaned after commissioning in 1970s. The SCADA system at a cost of `385 crore had been installed in most installations and tanks, the same was not being used for reporting. Manual tank dips continued to be resorted to. In Assam Asset, there were differences in log book and SAP data. SAP ERP has production revenue accounting (PRA) module capable of generating the Daily Production Reports (DPR) from the stock positions, liquid received and despatched at the processing installations. It was, however, noticed that in Western onshore assets, DPR was generated manually outside Production Revenue Accounting module of SAP.
- **Over payment of Performance Related Pay (PRP) due to over reporting of crude oil production -** PRP is calculated based on MoU rating. ONGC failed to achieve the MoU target for crude oil production consistently during the period covered in audit in spite of over reporting the crude oil production by including BS&W and off-gas. Audit reworked the MoU rating considering the actual crude oil production and observed excess payment of PRP amounting to ₹106.51 crore (approx.) for the financial year 2013-14.
- **Additional subsidy burden -** ONGC had to bear subsidy burden of 56 USD per barrel of its total production of crude oil. By over/incorrect reporting its production of crude oil, ONGC has borne additional burden of ₹18626.74 crore during the period from 2011-12 to 2014-15. Further, over-reporting of production in Ankleshwar and Assam Assets (by

inflating closing stock) has resulted in additional subsidy burden of ₹160.69 crore.

Commercial – Compliance Audit Report on Implementation of PAHAL (DBTL) Scheme (Pratyaksh Hastantarit Labh Yojana) Crude Oil Production Measurement and Reporting System in ONGC (Report No. 21 of 2016)

- **Removing Incentive for Diversion:** While PAHAL (DBTL) Scheme appears to have addressed the concern regarding diversion of subsidised LPG cylinders to commercial consumers, the risk of diversion of non-subsidised domestic LPG to commercial consumers still remains. Audit observed that the number of domestic consumers consuming more than 24 cylinders in the first seven months of 2015-16 is 2.6 times that of the entire year of 2014-15. It was also noticed that 23,104 number of domestic consumers in IOCL, 5,662 in HPCL and 7,993 in BPCL had consumed more than 12 cylinders in the first seven months of 2015-16 than they had during the whole of 2014-15. Thus, there is a risk associated with higher consumption of domestic non-subsidised cylinders. This is particularly true in view of the significant difference in cost of non-subsidised domestic LPG and commercial LPG on account of differential taxes and duties levied on the two categories of consumers.
- **Multiple connections having same Aadhar number and Bank IFSC and Account number (Intra-OMC de-duplication):** Audit noticed multiple LPG connections having the same Aadhaar number or same Bank account in the consumer database maintained by the OMCs. In some of the multiple connections, two or more than two connections constituting the multiple connection drew subsidy and Permanent Advance whereas in the remaining cases, one of the multiple connections remained 'active' while the other connections were indicated as 'transferred', 'in-transit'. Though, subsidy was paid only for the 'active' connection, the possibility of payment of subsidy in future cannot be ruled out.
- **Identification of duplicate connections on the basis of same name and address and Name, Date of Birth, Registered Mobile Number of consumers:** Considering that the de-duplication exercise carried out by National Informatics Centre is presently on a real time basis, it could be expected that the database provided by the OMCs would not have any duplicates on 'Same Name Same Address' (SNSA) parameter. Audit scrutinised a sample of 34 *per cent* of the distributor database and found a number of exact matches (100 *per cent* match) of SNSA cases. This was noticed in all the three OMCs. Further, Audit considered a different combination of parameter, *viz*. 'Same Name, Same Date of Birth and Same Registered Mobile Number' to verify the existence of multiple

connections in the database. This combination of parameter was chosen as it was expected that a combination of these three parameters would uniquely identify an individual. Audit examination indicated presence of multiple connections on these two parameters. A total number of 15,885 consumers linked with 34,729 connections were noticed against the first parameter across the OMCs, 11,171 consumers linked with 24,329 connections were noticed against the second parameter.

- **Multiple connections having same Aadhar number and Bank IFSC and Account number (Inter-OMC de-duplication):** In an inter-OMC de-duplication exercise carried out by Audit on the basis of 'Same Aaadhaar Number' and 'Same Bank IFSC and Same Bank Account Number' indicated 'active' multiple connections across the OMCs. A total of 74,180 LPG customer IDs were linked to 37,090 Aadhaar umbers indicating existence of multiple connections. In the case of 'Same Bank IFC and Same Bank Account Number', 17,694 LPG 'active' customer IDs were linked with 8,847 same bank IFSC and same bank account number.
- **Integrity of the consumer database:** Audit noticed that the Date of Birth of consumers were not accurately captured in the LPG Database. Further, LPG connections were issued to minors in violation of the LPG Control Order. Audit scrutiny also revealed incorrect capture of PIN codes, Aadhaar numbers, and incorrect seeding of IFS Codes in the consumer database of OMCs indicating lack of appropriate input controls. Such inconsistencies in the consumer database indicates invalid entries in the database and poor input controls, which compromises the authenticity and integrity of the consumer database. Further, this may also lead to consumers being unable to avail of the subsidy benefit under the Scheme.
- **Complaints of consumers and their redressal:** While the OMCs have addressed most of the Scheme related complaints of the customers, the target of redressal within seven days could not be achieved. Audit observed that the achieved rate was 86 *per cent* in IOCL, 76 *per cent* in HPCL and 82 *per cent* in BPCL. The overall rate of achievement was, however, 97.8 *per cent* of the complaints received regarding PAHAL (DBTL) Scheme from 1 January 2015 to 15 August 2015 as per data furnished to Audit. There were however instances where time taken to resolve the complaints ranged from one month to more than six months (1,611 cases in IOCL; 2,292 in HPCL and 11,740 in BPCL).
- **Violation of quota of 12 subsidised cylinders per year:** Issue of subsidised LPG cylinders beyond the quota of 12 cylinders per annum and instances of payment of Permanent Advance to multiple connections were noticed in audit examination. In 2014-15, the cap of 12 subsidised

cylinders per annum had been violated and 15.57 lakh active domestic consumers had received more than 12 subsidised cylinders from April 2014 to 31 March 2015 leading to excess payment of subsidy. In the sample checked, intra-OMC de-duplication indicated that 37,499 consumers during the year 2014-15 and 8,707 consumers during the year 2015-16 (up to 31 October 2015) having multiple connections had availed more than their quota of 12 subsidised cylinders. Besides, 51,443 consumers had received permanent advance amounting to ₹1.30 crore on multiple connections.

- **Failed transactions:** Audit noticed that there were 485 out of 751 failed transactions due to reasons attributable to distributors which emphasises the requirement of effective monitoring by OMCs and adequate input controls and validations in the database to ensure its accuracy. Moreover, some transactions failed as some of the Grameen Banks were not on National Payment Corporation of India's (NPCI) system. It is necessary to ensure adequate efforts to ensure synchronisation of all customer banks with the payment bridge of NPCI.
- **Non-transfer of permanent advance:** Though customers have joined the PAHAL (DBTL) Scheme and linked their Bank account and in some cases Aadhaar number to the domestic customer database, transactions for transferring the Permanent Advance have failed. Audit examination of the same indicated that a total of 47.23 lakh consumers did not receive Permanent Advance amounting to ₹169.09 crore as on 31 October 2015. Since the purpose of payment of Permanent Advance is to assist the consumer in purchasing LPG cylinders at market price without any financial burden, it is imperative that all the eligible LPG consumers receive the advance upon their first refill booking. Non-transfer of permanent advance to consumers defeated the objective of providing for permanent advance under the PAHAL (DBTL) Scheme.
- **Non Cash Transfer Compliant (NCTC) consumers:** Non-Cash Transfer Complaint (NCTC) consumers are those, who have not joined the PAHAL (DBTL) Scheme. A marketing research agency engaged by BPCL (May 2015) indicated that as many as 77 *per cent* of the NCTC consumers wished to be a part of the Scheme but were deterred by lack of knowledge, lengthy process, low process clarity, time taken for processing, *etc*. This underlines the possibility that more efforts may be essential for the outreach to all LPG consumers so that deserving consumers are not deprived of subsidy, particularly considering that 28 *per cent* of the NCTC consumers are rural consumers.

- **Recovery of Permanent Advance given to the consumers:** A one-time Permanent Advance is given to the domestic LPG consumer so as to enable the consumer to pay for the first cylinder delivered at market rates on joining the PAHAL (DBTL) Scheme. This advance is meant to remain with the consumer till the connection is terminated, when the advance would be recovered from the security deposit lying with the OMCs. Audit noticed that the security deposit held by the OMC was much lower than the advance paid in 29.92 lakh cases; the amount of shortfall being ₹68.39 crore. As such, recovery of the Permanent Advance (PA) would not be possible in these cases. Moreover, PA continued to be held by the consumer even when the consumer's status changes to Non Cash Transfer Compliant (NCTC). Audit noticed 9.58 lakh NCTC consumers holding ₹49.21 crore as Permanent Advance collectively.
- **Savings on account of PAHAL (DBTL) estimated by Government of India for 2015-16:** MoP&NG estimated (February 2016) potential savings in LPG subsidy for 2015-16 at ₹9,211 crore while the OMCs estimated the savings for the same period at ₹5,107.48 crore. The methodologies adopted by the Ministry and the OMCs were different. In both estimations, however, Audit noticed inherent inconsistencies which would lower the estimated savings. MoPN&G assumed that the inactive or blocked consumers, who were not eligible for subsidy would have availed the entire quota of 12 cylinders against the national average per capita consumption of 6.27 cylinders in 2014-15. Considering the national average off take of 6.27 cylinders (as used by OMCs in their estimation), the estimated savings in subsidy for the year 2015-16 would be ₹4,813 crore only.
- **Savings estimated by OMCs for 2015-16:** IOCL (the coordinating agency of OMCs for LPG) considered the average subsidy rate in 2014-15 while working out the subsidy savings for 2015-16. This has led to an over-statement of savings in subsidy, in view of the sharp fall in prices in 2015-16 *vis-à-vis* 2014-15. If the average subsidy of ₹169.45 per cylinder in 2015-16 was considered (as used by MoPN&G in their estimation), and after considering the savings in subsidy due to opting 'Give-it Up' by 67.27 lakh consumers (as on 29 February 2016), the subsidy savings would reduce to ₹3,473.48 crore, instead of ₹5,107.48 crore estimated by the OMCs.
- **Actual subsidy savings in the first three quarters of 2015-16 (April to December 2015) vis-à-vis comparable period of 2014-15:** The actual subsidy payout during the period from April 2015 to December 2015 was ₹12,084.24 crore as against ₹35,400.46 crore during April 2014 to

December 2014. The significant reduction of ₹23,316.21 crore in subsidy payout was on account of the combined effect of decrease in off take of subsidised cylinders by consumers and lower subsidy rates arising from the sharp fall in crude prices in 2015-16. Audit examination indicated that reduced subsidy rate on account of fall in crude oil price resulted in reduced subsidy payout of ₹21,552.28 crore, while the effect on the same due to reduced offtake of cylinders by consumers worked out to ₹1,763.93 crore. Therefore, it is evident that the lower subsidy rates in 2015-16 is, by far, the most significant factor resulted in subsidy savings.

Commercial - Performance Audit on Public Debt Management (Report No. 16 of 2016)

- During the period from 2010-11 to 2014-15, in at least 40 weeks in each year, the variations between the weekly projected cash balance and the actual cash balance were more than ₹10,000 crore. In many instances, the projection of the weekly cash balance was negative.
- Cash Management Bills were introduced in 2009 to meet temporary cash flow mismatches of the Government. However, during the months of August 2013 and September 2013, Cash Management Bills to the tune of ₹96,000 crore were issued for meeting monetary policy objectives.
- Commitment charges on undrawn balance of external loans are paid on the amount of principal rescheduled for drawal on later dates. During the period from 2009-10 to 2014-15, commitment charges to the extent of ₹602.66 crore were paid.
- The figures of internal debt presented in different documents such as Status Paper and Indian Public Finance Statistics published by Government of India did not agree with those in the Finance Accounts of the Government of India.

Commercial - Performance Audit on Restructured Accelerated Power Development and Reforms Programme (Report No. 30 of 2016)

- Gross Budgetary Support (GBS) of ₹28,424 crore was envisaged for the Scheme in the XI and XII plan periods (2008-17). As against which only ₹12,415.04 crore was actually budgeted during 2008-09 to 2014-15 which was only 43.68 *per cent* of the envisaged amount. R–APDRP scheme has been subsumed in Integrated Power Development Scheme (IPDS) since December 2014 and no separate budget for R–APDRP has been allocated after 2014-15. The actual releases during 2008-15 on R-APDRP scheme were only ₹8,175.45 crore implying slow pace of scheme implementation.
- Counterpart funding was not tied up by many State Utilities implementing the scheme within the prescribed period. Audit noticed that PFC did not

maintain records of counterpart funding raised by the Utilities from Financial Institutions.

- Instances of diversion of R-APDRP funds and overlapping of schemes were noticed in some States.
- PFC submitted two sets of UCs to the MOP; one indicating the total disbursement of GOI funds made by PFC to Utilities and the other indicating the utilisation of funds by the Utilities as received from them periodically. There was a considerable mismatch between both sets of UCs; UCs furnished by PFC indicated disbursement of ₹8,606.62 Crore while UCs from Utilities indicated utilisation of a meagre ₹4,155.88 Crore (49.29 *per cent* of the total funds released) as on March 2016.
- It was noticed that only the first instalment had been released in 198 Part A, 317 Part B and 47 SCADA projects of the selected sample raising doubts regarding completion of the projects.
- The provision of conversion of loan into grant has not been utilized by any of the Utilities as none of the Part A and Part B projects had been completed in any of the states.
- There were delays ranging up to 13 months in finalization of preparatory activities for implementation of the programme.
- DPRs were not prepared in line with the Model DPR, resulting in inclusion of inadmissible items of work and exclusion of required items of work in the scope of the project. Assumptions made during project formulation were not independently verified during appraisal. Instances of revision in cost of the projects without approval of the Steering Committee were noticed. In some cases, the DPRs were appraised and approved by the Steering Committee without recommendation of State DRCs in contravention of the prescribed procedure.
- Additional expenditure due to re-tendering and award of works to contractors at different rates for similar items of work being executed in a State were observed.
- Deficiencies in quality controls like procurement of material in deviation of specifications, failure of the items/systems leading to delay in completion of the projects and not obtaining suitable guarantees were noticed.
- The efforts made to impart training to the staff of the Utilities were inadequate and the purpose of training of staff was not achieved.
- Audit noticed that State Utilities had declared a number of Part A projects 'Go Live' though as per the project details available with MOP, none of them had yet been verified by TPIEA which was a pre-requisite for project completion. Though, nearly 80 *per cent* of the towns where Part A projects

were implemented had been declared ‘Go Live’, only around 50 *per cent* of the sanctioned cost had been disbursed to the Utilities. Many projects were declared ‘Go Live’ where release of funds was less than 30 *per cent* of the approved project cost. Audit noticed that the ‘Go Live’ was declared by the States themselves without verification by or approval of MOP.

- In the sample cases test checked in Audit, the AT&C losses had increased relative to the baseline or could not be generated in more than 100 towns which had been declared ‘Go Live’. It was noticed that the baseline data itself has not been collected in many States before the projects were taken up.
- Variations were noticed in the AT&C losses presented in various documents by the MOP to Parliament. The methodology used for calculating the AT&C losses, though laid down, was not followed uniformly leading to varying estimates of the AT&C losses.
- Energy accounting and audit was not being done in 12 States while in another 13 states, the data for energy accounting and audit was being collected manually raising concerns about their reliability and accuracy. The main reason for not conducting energy accounting and audit was non–completion of Part A projects and non–integration of different modules for data collection.
- 100 *per cent* metering of feeders, Distribution Transformers and consumers was not done in many states.

Commercial - Performance Audit on Land Management in Delhi Development Authority (DDA) (Report No. 31 of 2016)

- Zonal Development Plan of Zone ‘D’ could not be finalised even after a lapse of eight years of notification of Master Plan of Delhi (MPD)-2021. Further, the Monitoring Unit established for monitoring of MPD was non-functional and periodical review was not being conducted. As a result, the improvements/changes required for achieving the desired objectives of MPD-2021 could not be incorporated in the Plan.
- DDA did not have reliable database in respect of land acquired and utilised as well as vacant land in its possession.
- There was lack of coordination between DDA and Delhi Government in acquisition proceedings, release of compensation/ enhanced compensation, receipt of land from Delhi Government, reconciliation of accounts and proper utilisation of funds by Delhi Government. This resulted in:
    - Non-reconciliation of compensation amount between DDA and Delhi Government.
    - Non-receipt of utilisation certificates from Delhi Government.
    - Non receipt of land even after release of full payment.

- Double payment of enhanced compensation.

- There was delay in completion of land acquisition process.
  - There was neither a documented policy nor timeframe to prioritize, schedule and plan the land disposal activities. Further, centralized record/database of number of plots available for disposal was also not available.
  - Disposal of industrial land could not be carried out for last 16 years due to dispute between DDA and Delhi State Industrial and Infrastructure Development Corporation.
  - No records relating to valuation of land and fixation of reserve price was provided to Audit, in the absence of which audit could not draw an assurance that any guideline in this regard existed and valuation was carried out properly and with necessary due diligence.
  - DDA allots Nazul land either through tender/auction or by the process of allotment after consideration by Institutional Allotment Committee (IAC). For the process of allotment, the application was to be processed within a period of three months from the date of application. Audit noticed that:
    - IAC meetings to process the cases for allotment of institutional land were not held regularly.
    - 13 out of 36 cases put up to IAC did not fulfil the requirements of Nazul Rules and allotment was made in four of these cases.
    - DDA did not have clear guidelines or policy to decide whether a society was running for charitable purpose. Different standards and criteria were used in different cases.
    - In all the five cases of concessional allotment under socio-culture category, the applicants did not fulfil all the requirements of the Nazul rules.
    - Deficiencies were noticed in processing of cases with respect to requirements/ criteria framed for allotment of land to religious societies
  - DDA allots land to a Government Department as per request of the concerned department for construction of school, hospital, police station, bus depot etc. In test checked cases of allotment of land to Government Departments, Audit noticed the following deficiencies:
    - Delay ranging from five to 93 months in processing of cases.
    - Failure to hand over plots.

- Allotment of land in excess/short of the norms prescribed in the Master Plan of Delhi.

- Joint Inspection with DDA representatives revealed instances of land not being used or being used unauthorisedly and land lying vacant as no construction had been carried out by the allottees at the site.
- Perpetual lease of 90 years was required to be renewed after specific intervals. At the end of 90 years, land would lapse to DDA or could be made freehold by the lessee. However, there was no mechanism in DDA to watch and monitor the renewal of leases, as some leases were renewed up to second renewal, while others were not renewed at all. The third renewal was not done in any of the test checked cases.
- Internal Audit was not able to complete audit of various units at the required periodicity of audit. Settlement of pending internal audit paragraphs was also slow.
- DDA was not preparing Income and Expenditure Accounts and Balance Sheet in respect of its Nazul-II lands.
- There were differences in the amounts reported in different branches for expenditure incurred on acquisition of land.

Commercial - Performance Audit on Fuel Management of Coal Based Power Stations of NTPC Limited (Report No. 35 of 2016)

- The power stations incurred extra expenditure on procurement of coal at higher cost compared to the rates notified by CIL during the period, 2010-11 to 2015-16. The stations paid performance incentives for coal quantities already contracted at notified rates. The incentive was also paid on Deemed Delivered Quantity (imported coal not actually delivered to the station). To meet coal shortages, the stations had to procure coal through MoU arrangements and through e-auction for which they had to pay a premium. Additional expenditure on procurement of coal by the power stations was `6869.95 crore during this period.
- NTPC did not lay down a specific policy for importing coal. In the absence of a comprehensive policy, different approaches to key decisions were noticed. In order to enhance participation level, though splitting was introduced, the splitting ratio was modified subsequently, which had the effect of awarding higher quantity to L1 bidder.
- During 2012-13, the stock level was at super critical position (stock less than four days requirement) in seven stations for more than six months and similar situation prevailed in four stations during 2013-14. There was some improvement in 2014-15, but three stations reported super critical stock levels. Further, domestic coal stock dropped to ***zero level*** at

stations during 2012-13 to 2014-15. During 2010-11 to 2015-16, 11 out of 13 stations covered in audit reported a generation loss of 19546.26 million units of electricity with potential revenue loss of ₹4299.80 crore due to units being taken out of operation or being operated at partial load in view of coal shortage.

- As per 'Local Management Instructions' issued by stations, imported coal was to be stacked separately in earmarked area in the yard. Physical verification reports (April 2010 to March 2016) of coal stock were reviewed in audit and it was observed that domestic and imported coal were stored in the same yard. Availability of imported coal in excess of earmarked capacity for it ranged between 6 and 158 *per cent* indicating that domestic and imported coal were being mixed at the yard itself before they were actually blended. The cost and quality of imported coal was much higher compared to domestic coal and such un-intended blending ought to have been avoided.
- Although yearly average Specific Coal Consumption of stations remained below 1 kg per unit of power, Audit noticed significant monthly variations. The maximum SCC in some stations, Mouda and Badarpur was found to be very high.
- Coal used to produce one unit of energy remained the same, irrespective of whether imported coal was blended to a lesser or greater extent. This raises doubts whether imported coal was indeed superior to domestic coal even though NTPC incurred higher cost for procuring it.

Commercial - Performance Audit on Turnaround Plan and Financial Restructuring Plan of Air India Limited (Report No. 40 of 2016)

- AIL sold five B-777-200 LR aircraft and utilized the sales proceeds to liquidate the outstanding loan amounting to ₹1804.96 crore. However, the equity commitment of Government of India towards repayment of aircraft loans (during 2014-15) had not been adjusted to account for the premature liquidation of aircraft loan taken for five aircraft.
- AIL failed to achieve the annual target of ₹500 crore for monetization of property, mainly due to improper selection of properties (deficiencies in ownership/ conditions attached to the ownership, utilized by the company for its own use). Only six properties had been put up for e-auction, out of which only two properties were sold.
- AIL could not achieve the targets in Turnaround Plan for utilisation of available fleet (wide body as well as narrow body) in terms of hours to be flown. Low utilization was also on account grounding of aircraft for prolonged periods.

- Excess of weight of the B-787- 800 aircraft by ten tons over the prescribed weight resulted in additional fuel consumption. AIL calculated the likely loss on additional fuel consumption at USD 400 million. The procurement contract did not have adequate safeguards to enforce compensation and as such the company had to resort to negotiation. The supplier, M/s Boeing refused to negotiate the ceiling on compensation but offered negotiation in good faith. The total compensation received worked out to USD 71 million inclusive of the fuel-burn guarantee under Purchase Agreement.
- AIL achieved surplus over variable cost in 2012-13. This surplus over variable cost increased from ₹686 crore in 2012-13 to ₹4103 crore in 2015-16. AIL however failed to generate surplus to meet the total cost, the deficit over total cost being ₹5514 crore in 2015-16. Operations in international sector was the major contributor to the overall deficit.
- Milestones that AIL had to achieve for release of equity included ceasing of payment of Productivity Linked Incentive till the achievement of Profit Before Tax by AIL. Despite directions of CCEA to stop payment of PLI till the time AIL could generate profit before tax, AIL made payment of ₹734 crore being 75 *percent* of PLI to the employees as adhoc pay.
- AIL failed to arrange for vital input data and skilled man-power necessary for optimum utilization of the IT Application, Profit Manager, in time. AIL also failed to calibrate the Profit Manager System necessary for a meaningful output. This rendered the expenditure incurred on the procurement of input data, infructuous.
- The Crew Management System (CMS), a key component of Central Planning and Control System (CPCS), to be implemented by Commonwealth Games October 2010, was yet to be implemented by the contracted solution provider forcing AIL to adopt an alternate inferior solution as an interim measure. The delays were attributable to absence of timely follow-up by AIL and penalty clause for delays in the Contract.

Railways - Compliance Audit (Report No. 14 of 2015)

- Review of 136 passenger amenity works estimated over ₹2.50 crore each revealed cost overrun to the extent of ₹79.05 crore in 53 contracts and time overrun up to 192 months in 132 contracts.
- Section 27 of the Railways Act, 1989, stipulates that for introduction of a new rolling stock on any section of the Railway, prior sanction of the Commissioner of Railway Safety (CRS) is required. Audit noticed that 150 coaches were not inducted in service mainly for want of clearance from CRS and remained idle. Further, 168 coaches were inducted into service belatedly and 35 inducted without obtaining clearance from CRS. Only 20 coaches were inducted within

30 days of receipt. Non-utilization/delayed utilization of the coaches had resulted in blocking up of funds of ₹736.60 crore invested on these productive assets and also loss of earning capacity of ₹80.61 crore.

- There was no uniform or scientific method in place in the mechanical workshops to assess the requirement of manpower either by relating it to the installed capacity of the workshops or the time required for outturn as per installed capacity. The available capacity was not fully utilized. In 28 out of 42 workshops, out of a total 1,202.29 lakh man-hours available during the year 2014-15, only 76 *per cent* of manpower (910.42 lakh man hours) was used for its main/core activity.
- Out of 16,125 Unmanned Level Crossings (UMLCs), 11,630 that existed in 2010 were planned for elimination by 1st April 2015. Only 5,737 UMLCs were eliminated during the Five Year Master Plan period and 10,388 UMLCs remained to be eliminated as on 1 April 2015.
- Lack of planning and co-ordination in execution of contracts and unrealistic fixation of completion dates in contracts, resulted in grant of liberal extensions in 532 contracts out of the reviewed 574 completed contracts involving additional expenditure of ₹88.82 crore by way of payment underprice variation clause.
- An amount of ₹116.52 crore has been spent by SER Administration up to July 2015 on setting up of DMU factory at Haldia. However, production could not be started due to local disturbances at DMU factory despite the fact that the construction of the factory was completed in June 2013.
- Disaster Management Plans, though broadly framed in Zonal Railways and in Divisions, were not comprehensive, lacked uniformity and also did not adhere to the provisions of the Disaster Management Act 2005.
- Safety inspections were not conducted on regular basis. There were no definite schedules of inspection with all divisions not being equally covered. Many of the shortcomings noticed during the previous safety audit (conducted by Railways) remained unattended.
- Deficiencies were observed in all the Zonal Railways in provision of Self Propelled Accident Relief Trains (SPARTs)/Accident Relief Trains (ARTs)/Accident Relief Medical Vans (ARMVs) and equipment provided therein. The ART/ ARMVs were located in the yard which was not easily accessible.
- The Integrated Security System was not fully implemented over 202 vulnerable stations identified by the Railway even after lapse of more than 4 years. Surveillance mechanism was also inadequate at vulnerable and crowded stations.

- Provision for recovery and relief during golden hour was not adequate as Accident Relief Trains never reached the accident site within golden hour.
- Most of the Central and Divisional Hospitals in Railways did not prepare their Disaster Management Plans to address a situation like fire, explosion, flood and earthquake.
- The status of progress of training imparted to frontline staff indicated that Indian Railways were not serious in developing skills of staff to deal with emergency during disaster.

Railway - Financial Audit (Report No. 53 of 2016)

- Net Surplus after meeting dividend liability increased to ₹7,664.94 crore in 2014-15 as compared to ₹3,740.40 crore in 2013-14. It was more than the budget estimates by 26.41 *per cent.* The increase in the Net Surplus was due to increase in Net Traffic Receipt {excess of GTR over Total Working Expenditure (TWE)} by 13.19 *per cent* (₹1,598.66 crore), increase in Net Miscellaneous Receipts (excess of Miscellaneous Receipts over Miscellaneous expenditure*)* by 1.33 *per cent* (₹41.09 crore) offset by higher payment of dividend by 0.42 *per cent* (₹38.55 crore) over the budget estimate.
- In 2010-11, the balance in the Railway Funds was ₹342.51 crore only. The balance available in the Railway funds increased from ₹6,025.28 crore in 2013-14 to ₹6,872.73 crore at the end of the year 2014-15. The improvement in fund balances was mainly due to not making payment of capital component of lease charges to Indian Railway Finance Corporation (IRFC) amounting to ₹12,629.49 crore during the period 2011-12 to 2013-14 from Capital Fund. However, IR started payment of capital component of lease charges to IRFC from Capital Fund from 2014-15 and made a payment of ₹ 5,449.24 crore and the Capital Fund closed at ₹1,388.90 crore at the end of 2014-15. Depreciation Reserve Fund (DRF) and Pension Fund closed with balances of ₹1,777.12 crore and ₹1,360.36 crore respectively in 2014-15. Further, the contribution to the DRF was not made as per requirement despite there being a huge backlog of overaged assets amounting to ₹47,678.65 crore in the railway system required to be replaced for safe running of trains.
- IR maintains DRF for replacement and renewal of existing assets. Contribution to DRF was not made on the basis of historical cost, expected useful life and residual life of the assets but was dependent on the amount which the working expenditure could bear. As a result there was a huge backlog of over aged assets amounting to ₹ 47,678.65 crore (up to 2014-15), out of which IR had spent ₹7,286.93 crore in 2014-15 on replacement/renewal of assets. The remaining overaged assets in the railway system were required to be

replaced for safe running of trains. DRF closed with balances of ₹1,777.12 crore.

- During 2013-14, there was a loss of ₹31,727.44 crore on passenger and other coaching services. The freight services earned a profit of ₹32,641.69 crore**.** IR was able to retain 2.80 *per cent* of the profit on freight earning after subsidizing the loss on passenger services in 2013-14 as compared to 21.66 *per cent* in the previous year, showing a shortfall in the operational profit.
- IR incurred ₹490.37 crore more than the authorization given by the Parliament in two revenue grants, one segment of capital grant and three revenue appropriations.
- In two segments of capital grant and nine revenue grants, there were savings of more than ₹100 crore.

Railways – Performance Audit on Suburban Train Services in Indian Railways (Report No. 14 of 2016)

- In respect of traffic target *vis-a-vis* achievement ER, SER, SR and Metro Rail, Kolkata registered negative growth. Further, overall growth in number of passengers in suburban section of the IR during 2014-15 was also negative as compared to the previous year 2013-14. The number of passenger carried during 2014-15 was one *per cent* less than the previous year.
- During the period January 2010 to December 2014, out of 33445 deaths in suburban sections, 19868 deaths (59 *per cent*) occurred due to line crossing/trespassing. Further, 17638 (52.74 *per cent*) death cases occurred in Mumbai suburban section alone. A total of 4885 deaths cases (15 *per cent*) occurred due to falling from running trains, of which 4002 deaths (82 per cent) occurred in Mumbai suburban section alone.
- Non-achievement of the targets set for track related works on the suburban section of all the Zonal Railways indicate that Railways could not monitor the on-going works which led to deficiencies in track maintenance affecting punctuality and safe operations of suburban services. Audit scrutiny of 204 selected works undertaken during 2010-15 revealed time overrun ranging between one month and 69 months in respect of 106 works and cost overrun of ₹56.21 crore in respect of 51 works such as Traffic facility works, Road safety works-level crossings etc.
- Indian Railways could not achieve the target of elimination of level crossings as envisaged in the Vision 2020 documents. Besides, tardy progress of bridge works for elimination of level crossings indicated lack of concern of Indian Railways in minimising accidents at level crossings.

III B CAG Reports tabled in State Legislatures

Bihar (Report No. 2 of 2016) – State Finances

- The State had a Revenue Surplus of ₹12507.16 crore during 2015-16. During the current year, Fiscal Deficit was increased to ` 12061 crore. It was 2.92 *per cent* of GSDP, well within the ceiling (three *per cent*) recommended by the FFC.
- While the Revenue Receipts (₹96123.10 crore) of the State grew at 22.58 *per cent* during 2015-16 over the previous year, these were less than the Budget Estimate by ` 7066.00 crore.
- As of 31 March 2016, the State Government invested ₹9940.24 crore in Government Companies, Co-operative Institutions and Local Bodies, Statutory Corporations, Rural Bank and Other Joint Stock Companies and Partnerships against which the return during 2015-16 was only ₹14.84 crore.
- Every year, huge amount of loans was given by the Government to different institutions/organisations of the State but its recovery was negligible leading to a huge balance of repayments in arrears of ₹20857.73 crore at the end of March 2016.
- Fiscal liabilities of the State increased from ₹99056 crore in 2014-15 to ₹116578 crore in 2015-16. During the year, the revenue surplus increased by ₹6660 crore whereas fiscal deficit increased from ₹11179 crore in 2014-15 to ₹12061 crore in 2015-16. The ratio of fiscal deficit to GSDP (2.92 *per cent*) was, however, well within three *per cent* as laid down in Fiscal Responsibility and Budget Management Act and projections recommended by the FFC.
- There were large savings of ₹35013.80 crore (23.61 *per cent*) against total budget provision of ₹148312.57 crore during 2015-16 indicating improper budget estimation. Persistent savings of ` 50 crore and above were also noticed in 10 departments during last five years. It was also noticed that there were hundred *per cent* surrender of funds in 182 schemes under 38 granst/appropriations (total ₹5133.94 crore). Large savings under various schemes/sub-heads may adversely affect the implementation of development programmes in the State. Out of the total savings (₹35013.80 crore), only ₹24455.96 crore (69.85 *per cent*) was surrendered. Amount surrendered on last day of financial year (31 March 2016) was (₹15913.45 crore) which was 65.07 *per cent* of total amount surrendered.
- Excess expenditure of ₹119.01 crore was incurred over provisions during previous the year which requires regularisation under Article 205 of the

Constitution of India. Besides, ₹1065.07 crore pertaining to previous years were yet to be regularised.

- Utilisation certificates (UCs) of ₹29399.87 crore against the Grant-in-aid (GIA) bills drawn by different departments were outstanding as of 31 March 2016. The amount outstanding for UCs beyond the specified period indicates failure of the departmental officers to comply with the rules and procedures to ensure timely utilisation of the grants for the intended purpose.
- Temporary advances and Imprest of ₹191.23 crore drawn upto 31 March 2016 by eight Departments/Organisation remained to be adjusted.
- An amount of ₹4126.37 crore was lying unspent in personal deposit account of different state government offices upto March 2016. The DDOs of PD accounts did not refund the unspent balances to consolidated fund.

Bihar (Report No. 1 of 2017) – Revenue Sector

An Audit on **'Levy and Collection of stamp duty and registration fee'** indicated the following major deficiencies:

- Nine District Sub Registrars/Sub Registrars allowed irregular exemption of Stamp duty and registration fee of ₹7.57 Crore in 99 cases.
- Due to under valuation of properties, stamp duty and registration fee of ₹1.99 Crore was not levied by three District Sub Registrars.

An Audit on **'System for collection of arrears of revenue in Commercial Taxes Department'** indicated the following major deficiencies:

- In the test checked 14 Commercial taxes circle the amount of arrear increased from ` 378.60 crore to ₹3637.35 Crore (860.79 per cent) during 2011-16.
- In case of a dealer, Board for Industrial and Financial Reconstruction (BIFR) directed the State Government to pay industrial re-imbursement for payment of arrears of ₹ 123.23 crore. But ₹81.73 crore was still pending for recovery from the dealer. Besides this, an arrear of admitted tax of ₹37.99 crore was also not paid by the dealer.
- In Patna Special Commercial Taxes circle, Assessing Authorities did not detect the availing of deduction of entry tax on account of scheduled goods manufactured or produced within the local area by a dealer, which resulted in short levy of entry tax of ₹740.70 crore.
- Two District Land Acquisition officers (Bhagalpur and Bhojpur) did not ensure realisation and remittances of the establishment charges of ₹111.72 crore for lands acquired on behalf of requisitioning body/departments.

Bihar (Report No. 3 of 2017) – Public Sector Undertakings (PSUs)

A Performance Audit of **Bihar State Hydroelectric Power Corporation Limited**, indicated:

- During the period 2011-16, the power generation cost ranged between ₹8.13 per unit and ₹12.36 per unit. However, the Company sold power to DISCOMS at the Bihar Electricity Regulatory Commission (BERC) approved rate of ₹2.49 per unit during the said period. As a result, the Company incurred a revenue loss ranging from ₹5.64 per unit to ₹9.87 per unit during 2011-16. The Company sold 213.14 MUs during the period 2011-16 resulting in losses of ₹147.66 crore.

A Performance Audit of **Bihar State Electronics Development Corporation Limited**, indicated:

- Execution works relating to three projects involving a total value of ₹26.78 crore was awarded to vendors without inviting tender in violation of the Bihar Financial Rules. The execution of BSWAN, e-PDS, SDC, ICT at schools and CAL projects were found to be deficient which resulted in loss/avoidable excess expenditure aggregating to ` 6.35 crore and the IT equipments were lying idle.

An Audit of **Functioning of Distribution Franchisees in Power Distribution Companies of Bihar**, indicated:

- The Distribution Licensee (DL) failed to finalise Average Billing Rate (ABR) which resulted in unilateral adjustment of ₹308 .92 crore by Distribution Franchisee (DFs).

An Audit of **Recovery Performance of Bihar State Financial Corporation**, indicted:

- The total amount of outstanding recoverable by the Corporation as on 31 March 2012 was ₹3542.05 crore which increased to ₹5859.12 crore as on 31 March 2016. Almost all the assets (98.10 *per cent*) of the Corporation as on 31 March 2016 were Non-Performing Assets (NPAs) and so possibility of realization seemed remote.

Some Compliance Audit Observations:

- Failure of the **Bihar State Text Book Publishing Corporation Limited**, to safeguard its financial interests resulted in blocking up of working capital of the Company to the tune of ₹4.19 crore.
- **Bihar State Road Development Corporation Limited**, in violation of the provisions of the agreement, failed to deduct Liquidated Damages of ₹1.66 crore from the bills of the Contractor. This resulted in extension of undue benefit to the Contractor by the Company**.**

Chhattisgarh (Report No. 2 of 2017)

A Performance Audit on **"Requirement, Construction and Utilisation of Anicuts in Chhattisgarh"**, indicated:

- The department could not complete construction of 280 Anicuts for the last one to 10 years despite an expenditure of ₹1,095.74 crore due to land disputes, land compensation issues, slow progress of works by the contractors etc.

A Performance Audit on **"Right of Children to Free and Compulsory Education Act, 2009",** indicated:

- Financial irregularities such as misappropriation of fund worth ₹9.69 crore, unadjusted advances worth ₹166 crore, payment of inadmissible allowance of ₹5.12 crore to panchayat teachers etc. were also noticed.

A Performance Audit on **Pradhan Mantri Gram Sadak Yojna**, revealed:

- There were instances of unproductive expenditure of ₹23.29 crore as road connectivity could not be provided to the targeted habitations for want of construction of bridges over rivers/*nallas* falling in the alignment of the roads, inefficient contract management leading to cost overrun of ₹21.22 crore, extra cost of ₹2.93 crore due to preparation of defective Detailed Project Reports (DPRs), liquidated damages worth ₹9.48 crore not recovered and excess payment of ₹8.03 crore due to inflated measurement.

Jharkhand (Report No. 4 of 2016) – Revenue Sector

A Performance Audit of **"Lease management in Revenue and Land Reforms Department in Jharkhand"** revealed the following:

- Government was deprived of revenue of ₹3,376.24 crore as *salami*, rent and cess in case of 1,279 sub-leases involving 469.38 acres of land for the period 1971-72 to 2014-15.
- Government was deprived of revenue of ₹974.48 crore for the period 1999 to 2015 as lease rights of plant area land of 122.82 acres given to Tata Steel Limited, Jamshedpur were irregularly transferred to another company. The Rules do not envisage the transfer of lease rights by lessees.

An Audit of **"Implementation of mechanism of cross-verification of VAT/CST transactions in Commercial Taxes Department"** revealed the following:

- There was tax evasion of ₹37.65 crore by 277 unregistered dealers due to inadequate implementation of mechanism for cross-verification of transactions in the Department to identify the dealers who were liable for registration.

- Cross-verification of data obtained from departments of Government of India/PSUs with the returns filed by 64 dealers registered in Commercial Taxes Department revealed suppression of purchase/sale turnover and consequent under-assessment of tax of ₹1,026.36 crore.

An Audit of **"System of collection of arrears of revenue in Commercial Taxes Department in Jharkhand"** revealed the following:

- The amount of arrears increased from ` 1,406.35 crore as on 1 April 2011 to ₹2,384.39 crore as on 31 March 2016, thus registering an increase of 69.54 *per cent.*
- There was discrepancy in arrears reported by the Department with those collected from 10 circles. The Department reported arrears of ₹722.09 crore from 28 circles pending with courts, other judicial authorities and Government, while information furnished directly to audit by only 10 circles, reflected arrears of ₹1,360.21 crore.
- In 16 Transport Offices, 5,845 vehicle owners had defaulted in payment of tax and penalty of ₹17.35 crore due for the period between October 2005 and March 2016, the Department also did not raise demand against the defaulting vehicle owners.
- Irregularities in determination of sales/purchase turnover of 36 dealers registered in 14 Commercial Taxes Circles by the assessing authorities resulted in under-assessment of tax and penalty of ₹294.32 crore during 2009-10 to 2012-13.
- Undervaluation of basic sale value of middling, tailing and reject coal in the returns submitted by a colliery in District Mining Office, Ramgarh resulted in short levy of royalty of ₹446.21 crore including interest

Madhya Pradesh (Report No. 1 of 2017) – Public Sector Undertakings (PSUs)

A Performance Audit on **Implementation of Feeder Separation Programme in Madhya Pradesh Paschim Kshetra Vidyut Vitaran Company Limited,** revealed:

- Company suffered excess Transmission and Distribution losses worth ₹9.38 crore. In the execution of programme, avoidable guarantee fee of ₹9.55 crore was paid by the Company and Interest of ₹24.98 crore was short recovered from the Contractor due to adoption of wrong methodology of levy of interest on mobilization/material advances.

A Performance Audit on **Working of Madhya Pradesh State Electronics Development Corporation Limited,** revealed:

- There were deficiencies in planning and implementation of Information Technology Policies, regulation of land allotment and incentives under IT Policy, execution of various IT projects of GoI /GoMP. Revenue loss of ₹1.11 crore was incurred due to allowing additional rebate on land allotment to an IT unit.

A Performance Audit on **Working of Madhya Pradesh State Civil Supplies Corporation Limited** revealed:

- There were deficiencies in the procurement, storage, transportation, distribution of foodgrains under the schemes sponsored by GoI and movement of food grains in the State. Excess procurement led to blocking up of funds and interest loss of ₹176.01 crore in addition to damage of paddy stocks worth ₹114.40 crore.

Compliance Audit Observations:

- Not following of transparent bidding procedure led to awarding of contract at higher rates causing additional expenditure of ₹26.13 crore to **Madhya Pradesh Power Generating Company Limited.**
- Irregularities in the execution of road project works led to extension of undue benefit to the tune of ₹7.07 crore to the contractor by **Madhya Pradesh Road Development Corporation Ltd.**
- Short recovery of labour welfare cess from the Contractors by **Madhya Pradesh Power Transmission Company Limited** resulted in undue benefit of ₹5.93 crore to the Contractors.
- **Madhya Pradesh State Agro Industries Development Corporation Limited** extended undue benefit of ₹5.68 crore to joint venture partners by not adjusting the realizable value of retained gunny bags while finalizing the production cost of RTE products.

Uttar Pradesh - Performance Audit on Empowerment of Women (Report No. 3 of 2016)

- The disparity in male and female wages in Uttar Pradesh was as high as 73 *per cent* in rural areas and 31 *per cent* in urban areas as per National Sample Survey 2011-12.
- Government of Uttar Pradesh failed to adopt the gender based budgeting even after 10 years of its declaration of State Women Policy in 2006. Gender segregated data was not maintained by programme implementing agencies. GoI allotted only 35 *per cent* funds against the requirement of ₹20.26 crore projected by the State during 2010-14, against which the State Government could utilise only 54 *per cent*(` 3.86 crore).

- Only six *per cent* of 773 Community Health Centres (CHSs) in the State were having MTP facilities. Only 548 of 2083 nursing homes/hospitals having MTP facilities and operating in test-checked districts, were registered under MTP Act. Inspection to ensure safe and hygienic conditions for MTPs had not been carried out by Chief Medical Officers/District Level Committees (DLCs) during 2010-15 in any of test-checked districts. The department did not have any information on the total number of MTPs in the State including those conducted in unauthorised clinics.
- Target for institutional deliveries was only 1.24 crore (46 *per cent* of registered pregnant women) during 2010-15 indicating that majority of rural women had to depend on home deliveries by unskilled birth attendants. There was shortage of government health centres in the State as only 773 CHCs, 3538 PHCs and 20521 Sub centres were functional as on March 2015 against the required number of 1555 CHCs, 5183 PHCs and 31100 Sub-centres respectively. No private nursing homes and hospitals were accredited in the State for JSY purposes.
- Expenditure of ₹1.70 crore was incurred against the allotment of ₹7.22 crore during 2010-15 as Maternal Death Review was not conducted by the department. Target fixed for females (tubectomy) was 20 times higher than the target fixed for males (vasectomy); while achievement for tubectomy was 41 times of the achievement for vasectomy in terms of absolute numbers. There was short-fall in achievement of Intra-Uterine Device (IUD) targets ranging from 41 to 47 *per cent*, while no targets were fixed for most common and non-invasive methods viz. oral-pills and condoms etc.
- Government of Uttar Pradesh failed to obtain central grant of ₹650.83 crore under Supplementary Nutrition Programme (SNP) component as GoI released only ₹6,502.77 crore against total expenditure of ₹7,153.60 crore incurred by the State during 2010-15. 22 to 32 *per cent* pregnant women, lactating mothers and children were deprived of the benefits of supplementary nutrition programme during 2010-15.
- The incidence of crime against women in the State have been rising consistently during last five years. There has been 61 *per cent* increase in incidence of crime against women between 2010-11 and 2014-15. There was substantial increase in cases of rape (43 *per cent*) and kidnapping and abduction of girls/women (21 *per cent*) during 2013-14 as compared to previous year. Shortage of about 55 *per cent* of the police manpower in Uttar Pradesh if not immediately bridged may further worsen the crime scenario in the State. Women police personnel constitute only 4.55

per cent of the total police force in the State against the Ministry of Home Affairs advisory (September 2009) of 33 *per cent*.

- Under the direction of the Hon'ble Supreme Court, a scheme for restorative justice was formulated by GoI as 'Financial Assistance and Support Services to Victims of Rape: A Scheme for Restorative Justice'. The allocation of ₹ 15.03 crore by GoI during 2010-12 under this scheme, was not utilised by the State though 3544 cases of rape were reported in the State during the same period. Only 13 *Ujjawala* projects were implemented in the State during 2010-11 to 2014-15 covering 11 districts. No second and subsequent installments were released to 12 out of 13 projects. No *Ujjawala* homes were established in districts bordering Nepal which are major transit areas vulnerable to trafficking as per UN report.
- District Women Welfare Committees for planning and implementation of the *SwadharGreh* scheme in the districts were not constituted. *SwadharGrehs* were established in only 42 out of 75 districts in the State as of March 2015.

Odisha - (Report No.4 of 2016)

A Performance Audit on **Implementation of Rashtriya Madhyamik Shiksha Abhiyan** in the State revealed:

- The objective of Rashtriya Madhyamik Shiksha Abhiyan (RMSA) was to provide access, quality and equity in secondary and higher secondary education to the eligible population in the country. Though the RMSA framework provides for one secondary school within a reasonable distance of five km from the residence, 3,167 eligible habitations did not have any secondary school.
- No planning was done to implement Vocationalisation of Secondary Education. The State established only 773 out of 1,535 new schools proposed in the Perspective Plan.
- The quality of education suffered due to non-recruitment of 4,790 teachers and inadequate training to them.
- Monitoring of implementation of the scheme was deficient both at district and State level. Consequently, the physical milestones approved by the Government of India could not be achieved even after six years of implementation.

Compliance Audit of Implementation of Biju Kandhamal O Gajapati Yojna

Government of Odisha launched a Special Area Development initiative called 'Biju Kandhamal O Gajapati Yojana' (BKGY) in 2009-10 for Kandhamal and Gajapati districts. Audit of implementation of the scheme revealed:

- The objectives of the scheme to provide *bijli, pani* and *sadak* to the deficient villages were not fully achieved. Annual Action Plans were formulated with delays and without considering inputs from line departments. People's participation in formulation, implementation and monitoring of program was not ensured. Utilisation of funds under the scheme during 2011-15 was only 50 *per cent* of the available funds because of delay in sanctioning of projects by district authorities, delay in release of funds, lack of monitoring by district authorities, *etc*. There were several deficiencies in project implementation which led to wasteful expenditure as projects were not put to use. Inspection and monitoring was found inadequate at all levels.
- Delay in identification of land for setting up of Police Training Schools as well as completion of construction works on the available land by the Home Department led to curtailment of Central assistance of ₹17.50 crore and diversion of training equipment, *etc*. valuing ₹2.06 crore.
- Non-contribution of ₹18.22 crore to the Employees' Provident Fund violating the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 by the District Education Officers resulted in penalty of ₹3.10 crore.
- Failure of the Land Acquisition Officer of the Puri Collectorate to compute compensation till the date of award as prescribed in Land Acquisition Act, 1894 led to non-payment of compensation amounting to ₹6.41 crore to 2,410 land losers.
- Drawal of Government money from treasury by the Collectors of Puri and Ganjam, without immediate requirement and parking the same in current account, resulted in avoidable interest burden of ₹2.33 crore.

West Bengal (Report No. 4 of 2015)

A Performance Audit on 'Implementation of the Rashtriya Krishi Vikas Yojana', revealed:

- Milk production under 'Bishesh Go-Sampad Bikash Abhijan' had increased only by 5.81 lakh MT in three years (2010-11 to 2012-13) against the target of 21.30 lakh MT in five years (2010-2015) even after spending of ₹97.05 crore.
- Infrastructure facilities of the Government Agriculture Farms could not be improved even after incurring expenditure of ₹37.15 crore.

Compliance Audit observations:

- Public Works (Roads) and Sundarban Affairs Departments had failed to arrange land for approaches in time which led to unfruitful expenditure of ₹12.37 crore incurred on three incomplete bridges.
- Eight Autonomous Bodies and Public Enterprises Department had lost opportunities to earn additional interest' of ₹24.23 crore between 2005-06 and 2013-14 due to inept fund management,

Himachal Pradesh (Report No. 1 of 2017)

Upgradation and maintenance of National Highways (Public Works Department)

A performance audit of the planning and execution of works relating to upgradation and maintenance of the National Highways (NHs) in the State revealed:

- Against an allocation of ₹759.91 crore for original works during 2011-15, the Department could utilize ₹590.71 crore resulting in short utilisation of ₹169.20 crore.
- Department irregularly diverted ₹1.20 crore from funds deposited by telecommunications companies for restoration of damages to purchase of vehicles and retained ₹117.20 crore under deposit head instead of remitting to the Union Ministry of Road Transport and Highways as required under the rules. Damages in 1,316.655 kms NHs were not restored as of March 2016.
- Against 119 works sanctioned at a cost of ₹985.79 crore and stipulated to be completed by March 2016, 39 works on which expenditure of ₹114.23 crore had been incurred were lying incomplete as of March 2016.

Uttarakhand (Report No. 1 of 2017)

- Non/short levy of stamp duty and registration fees due to non-registration of instruments which were compulsorily registerable resulted in non-levy of stamp duty and registration fee of ₹108.25 crore.
- Under-valuation of properties while registering these documents resulted in short levy of stamp duty of ₹17.20 crore.

Jammu & Kashmir (Report No. 1 of 2017)

A performance Audit of **Jawaharlal Nehru National Urban Renewal Mission (JnNURM),** revealed:

- There was short release of State share of ₹33.32 crore, delay in release of funds, mis-utilisation of ₹1.07 crore and non-refund of interest of `11.48 crore. In addition, ₹31.84 crore was kept in fixed deposits instead of utilizing them for the purpose for which they were released.

- Execution of housing projects was marked by delays with none of 34 projects costing ₹141.38 crore taken up for execution during 2007-08 to 2015-16 were completed despite expenditure of ₹101.16 crore.
- Only three out of twelve Solid Waste Management projects could be completed due to non-availability of sites while sewerage projects in Jammu and Srinagar could not be fructified despite expenditure of ₹158.45 crore due to poor planning and conceptualisation.

Construction/ Reconstruction of Bridges in Jammu and Kashmir

- Lack of due diligence in conduct of site surveys and in finalisation of design in various divisions of the Public Works Department resulted in 18 works valued at ₹43.95 crore being held up due to design change or land disputes after award of works rendering unfruitful expenditure of ₹26.92 crore incurred thereon.

Jammu & Kashmir (Report No. 6 of 2016)

A performance audit of Jammu and Kashmir State Power Development Corporation Limited revealed:

- There was delay in receipt of plan funds and power dues of ₹2,808.04 crore were pending from the State Government resulting in dependence on loans from financial institutions and extra interest burden of ₹58.24 crore. Statutory liabilities on account of water usage charges and labour cess accumulated to ₹1,573.19 crore.
- Failure of Company to provide requisite information to the Jammu and Kashmir State Electricity Regulatory Commission led to non-inclusion of income tax of ₹96.96 crore in tariff fixation. Due to non-achievement of design energy, the Company was not able to recover expenditure of ₹275.85 crore through tariff.
- The Company failed to achieve status of Mega Power Project in respect of BHEP-II due to which benefit of ₹105.80 crore could not be availed.

Punjab (Report No. 1 of 2017)

A Performance Audit of **Implementation of Sarva Shiksha Abhiyan,** revealed:

- Sarva Shiksha Abhiyan funds were released short by ₹1,362.76 crore during 2011-16. Government of Punjab did not release central share of ₹ 48.48 crore during 2014-16.
- No norms were fixed by the State for deployment of resource teachers. No resource teacher was appointed in the State in cases of multiple disabilities, cerebral palsy, learning disability and autism spectrum disabilities resulting in deprival of resource support to 18,214 children suffering from these disabilities.

- Only one set of uniform was provided against required two sets of uniforms to the students during the years 2011-16.
- Excess expenditure of ₹6.76 crore was incurred on purchase of books against the norms fixed by the Ministry of Human Resources and Development.
- 1,170 primary schools were running with single teacher and 572 upper primary schools with less than three teachers.

Punjab (Report No. 3 of 2016)

A Performance Audit of **'Working of Punjab Water Resources Management & Development Corporation Limited',** revealed:

- NABARD and Government of India had released ₹1,101.09 crore to the State Government for installation of tubewells and lining of water courses projects. The State Government in turn released only ₹940.98 crore to the Company with delays ranging from three to 973 days which resulted in delay in execution of projects.
- The operation and maintenance of tube wells was not handed over to the Water User Associations and its outsourcing resulted in avoidable committed expenditure of ₹34.41 crore.
- During 2011-16, the Company handed over 1,291 water courses (covering 4.01 lakh hectares) to WUAs and an amount of ₹36.07 crore became due for release to the Associations as one time functional grant (OTFG) but such amount was neither asked from GoI (central share) nor released to the WUAs.

A Performance Audit of **'Billing and Collection of Revenue' by Punjab State Power Corporation'** revealed:

- Prescribed time periods for issue and for payment of energy bills were not being adhered to leading to loss of interest amounting to ₹24.32 crore during 2011-16.
- Consumers were not paid interest on their security deposits. This short payment was to the extent of ₹385.26 crore during 2011-15.
- Outstanding dues against the defaulting consumers had increased from ₹705.67 crore to ₹1,083.56 crore during 2012-16.

Compliance Audit observations:

- **Punjab State Industrial Development Corporation Limited:** There were delays ranging from six months to over 19 years in initiating effective action to recover loans from defaulters while poor record keeping of details of guarantors resulted in non-recovery of ₹197.70 crores in just two out of five cases test checked in audit.

- **Punjab State Civil Supplies Corporation Limited's** poor preservation and maintenance of wheat stock coupled with not initiating timely action to upgrade the same resulted in a loss of ₹93.29 crore.
- **Punjab State Power Corporation Limited**
- The Company had to purchase power from traders/unscheduled interchange due to low plant loads factor at its own thermal stations resulting in higher financial burden of ₹374.96 crore. It also failed to avail of rebate amounting to ₹22.33 lakh for timely payment of power purchased. The Company made excess payment of ₹2,249.61 crore of which ₹1,427.84 crore was passed to consumers.
- The Company paid additional levy of ₹391.46 crore though it was to be paid by a Joint Venture Company which was a separate legal entity.

Haryana (Report no. 6 of 2016)

A Performance audit on 'Tariff, Billing and Collection of Revenue' in Uttar Haryana Bijli Vitran Nigam Limited (UHBVNL) disclosed:

- Due to non-revision of service connection charges after January 2001, there was an under-recovery of ₹124.24 crore from consumers during the period from 2011-12 to 2014-15.
- The Company had to sustain loss of ₹1729.75 crore due to its failure to contain transmission and distribution losses as per the prescribed norms of HERC.
- Haryana Vidyut Prasaran Nigam Limited breached the confidentiality of bid evaluation process and had to incur an extra expenditure of ₹2.02 crore in re-tendering of work.
- UHBVNL procured cables without considering actual consumption which led to blocking of funds of ₹7.70 crore and avoidable interest threon of ₹1.68 crore
- Haryana Financial Corporation suffered loss of ₹10.43 crore in 15 accounts due to violation of the guidelines of One Time Settlement Schemes.
- Haryana Forest Development Corporation Limited suffered a loss of ₹3.27 crore due to less recovery compared to norms of minimum 50 *per cent* fixed for the recovery of round timber and faulty planning in respect of plantation project on unsuitble land.

Haryana (Report No. 1 of 2017)

A Performance Report of Working of Haryana State Agricultural Marketing Board, revealed:

- Surplus funds were kept in savings bank accounts instead of in fixed deposits resulting in loss of interest of ₹6 crore. An amount of ₹126.44 crore was outstanding on account of interest on loan, godown rent, water and sewerage charges, cost of shop/booth sites/land and enhanced land compensation.

Compliance Audit observations:

Town and Country Planning Department: Leasing out of land without assessing the unearned increase in value of land as per regulations by the Haryana Urban Development Authority led to non-deposit of ₹417.15 crore. Besides, annual ground rent of ₹8.07 crore and interest of ₹2.70 crore remained unrecovered.

Haryana (Report No. 6 of 2016) – Public Sector Undertakings (PSUs)

A performance audit of **'Tariff, Billing and Collection of Revenue' in Uttar Haryana Bijli Vitran Nigam Limited**, revealed:

- The Company recovers Service Connection Charges from consumers to recover the cost incurred while releasing electricity connections. Non-revision of rates after January 2001 resulted in under-recovery of ₹124.24 crore from consumers during the period from 2011-12 to 2014-15.
- Haryana Electricity Regulatory Commission (HERC) allowed recovery of Regulatory Assets (RAs) of ₹114.49 crore out of accumulated RAs of ₹254.42 crore as a part of tariff for 2013-14. The Company had not taken up the matter of recovery of balance RAs of ₹139.93 crore with HERC while filing Annual Revenue Requirements (ARRs) under the Multi Year Tariff (MYT) framework for 2014-17.
- The Company supplied 15,952.82 MUs of power against HERC approval of 15,233.50 MUs during 2011-15 to agricultural pump set consumers resulting in short receipt of subsidy of ₹425.97 crore due to excess supply of 719.32 MUs of power.
- The Company had to bear a holding cost of ₹137.86 crore due to delay in filing of claim for Fuel Surcharge Adjustments.
- The Company also had to sustain loss of ₹1,729.75 crore due to its failure to contain transmission and distribution losses as per the prescribed norms of HERC.

Delhi (Report No. 3 of 2016)

A Performance Audit of **Prevention and Control of Dengue in National Capital Territory of Delhi,** revealed:

- The municipal corporations deployed domestic breeding checkers to target larvae in houses within their jurisdictions. While NDMC deployed anti-malaria gang men who were on their regular staff for the purpose, MCsD engaged 3,358 unskilled persons for the task incurring an expenditure of ₹109.43 crore. However, there was no monitoring or supervision of the work done or an assessment of their effectiveness.

- An expenditure of ₹88.26 crore was incurred on procurement of insecticides, diluents and equipment during April 2013 to March 2016 for control of adult mosquitoes. However, in the absence of a definitive policy on use of chemicals and entomological surveillance, there was no system for selecting the most suitable insecticide and techniques to deal with a particular type of situation and identifying localities/premises where chemicals could be effectively used.
- The formulations used or methods adopted by MCsD and NDMC for chemical control of larvae were not in accordance with those recommended in the guidelines. The Corporations used an insecticide in flowing drains and at a frequency which was not envisaged in the guidelines. The expenditure incurred was ₹37.26 crore. In addition, there was no record of usage of insecticides valued at ₹79.76 lakh while larvicide valued at ₹2.09 crore was used in circumstances that could have been better dealt with by simply mandating regular cleaning of containers in which water was liable to collect.

A performance Audit of **Re-development of Rajiv Gandhi Chowk,** revealed:

- Expenditure amounting to ₹14.67 crore on utility corridors, surface development and water supply was rendered unfruitful.
- There was extra expenditure of ₹3.38 crore in flooring of corridors and providing of kerbs and the efficacy of augmentation of fire-fighting capabilities done at a cost of ₹4.97 crore could not be assured in audit.
- The turnkey consultants, Engineers India Ltd. did not submit the financial implication of change in technology adopted for construction of service tunnel to NDMC for review and decision despite increase in cost from the original ₹71.21 crore to ₹192.95 crore.

A Performance Audit of **Advertisement and Publicity Campaigns of the Government of NCT Delhi,** revealed:

- Expenditure of ₹24.29 crore was incurred on advertisements and publicity campaigns that were not in conformity with the generally accepted principles governing expenditure from public funds or the guidelines on content regulation approved by the Hon'ble Supreme Court.
- Expenditure of ₹28.71 crore (86 *per cent*) out of ₹33.40 crore incurred in one specific publicity campaign pertained to advertisements

released outside the NCT of Delhi which was beyond the responsibility of the GNCTD.

Compliance Audit Observations:

- **Public Works Department:** The Public Works Department (PWD) did not invest adequate efforts and time in planning and design for the projects before their actual execution resulting in inflated detailed estimates, revision of drawings and designs and increase in quantities of items/execution of extra items after award of works. There were delays in completion of works and non-levy of compensation in delayed works. PWD failed to incorporate penal clause for variation in estimation of quantities in agreements entered into with consultants and did not levy compensation on consultants for delay in supplying of drawings for the works despite contractual provisions. There were both avoidable payments on account of price variation as well as cost escalation. Incorrect adoption of base price and taking incorrect quantities, while calculating cost variation, resulted in non/short recoveries. These shortcomings have financial implications of ₹241.20 crore.
- Failure of Public Works Department to challenge an arbitral award within the stipulated time resulted in rejection of the application and an opportunity lost to defend its case to avoid payment of ₹14.92 crore.

Rajasthan (Report No. 7 of 2016) Revenue Sector

- A paragraph on 'Assessment and Collection of Tax under the Rajasthan Tax on Entry of Goods into Local Areas Act, 1999' disclosed that non-utilisation of information available with Department and absence of mechanism for sharing information with other States resulted in non-levy of entry tax of ₹13.51 crore including interest.
- A paragraph on 'Control of Transport Department on Plying of Goods Vehicles' disclosed that 22,439 vehicles were found without renewal of authorisation of National Permits involving fees amounting to ₹38.32 crore.In respect of 2344 vehicles, taxes of ₹6.48 crore were not paid by the owners of the vehicles.
- A paragraph on 'Coordination between Public Offices and Sub-registrar Offices relating to Stamp Duty (SD) and Registration Fee (RF)' revealed that public officers failed to ensure that correct SD and RF was paid on the documents/instruments produced before them. This resulted in short/non-levy of SD and RF of ₹130.34 crore.

- A Performance Audit on **'Functioning of Distilleries, Breweries and Bottling Plants engaged in production of Beer/Liquor under the State Excise Act'** disclosed that due to delay in fixing the norms for quantity of spirit to be produced per quintal of grain, the Department had to forego revenue of ₹180.80 crore.

Kerala (Report No. 1 of 2017) Revenue Sector

Taxes/VAT on sales, trade etc.

- In 68 assessment circles in respect of 184 compounded dealers, purchase turnover of old gold escaped assessment resulting in short levy of tax, interest and penalty of ₹2,475.55 crore.
- In four assessment circles, six dealers had imported gold, diamond and platinum amounting to ₹4,191.16 crore against which ₹496.69 crore only was conceded. The suppression of import purchase worked out to ₹3,694.46 crore and the resultant short levy of tax, interest and penalty worked out to ₹126.70 crore.
- Four dealers claimed special rebate in respect of old gold purchased from unregistered dealers and converted and sold it as bullion. Excess availing of special rebate resulted in short payment of ₹132.89 crore.
- In 24 offices, 35 dealers who opted to pay compounded tax for the year 2013-14 and 2014-15 did not pay reverse tax on the closing stock for the years 2012-13 and 2013-14 respectively. This resulted in short levy of tax including interest and penalty of ₹80.89 crore.
- In 48 assessment circles, 131 assessees who opted to pay tax under the compounding scheme had under-reported the size and/or the number of crushing machines. Non utilisation of information from other Department/local bodies before compounding/finalising the assessment resulted in short levy of tax, interest and penalty of ₹68.78 crore.
- In four assessment circles, incorrect grant of exemption of sub contract turnover resulted in short levy of tax, interest and penalty of ₹58.16 crore.
- In four assessment circles, 71 sub-contractors in 16 assessment circles failed to return the contract receipts fully which resulted in escape of turnover and consequent short levy of tax, interest and penalty of ₹26.37 crore.

Taxes on Vehicles

- Test check of records of all the 78 offices of Motor Vehicles Department in 2015-16 relating to token tax, registration fee, permit fee, driving license fee, conductor license fee, penalties and composite fee under

National Permit Scheme showed non/short levy of tax and other irregularities involving ₹137.32 crore in 777 cases

Karnataka (Report No. 1 of 2017) State Finance Report

- The share of capital expenditure to total expenditure during 2015-16 was 15 *per cent* which was one *per cent* less than 2014-15. The return from investment of ₹61,356 crore as of March 2016 in Companies/Corporations was negligible (₹69.40 crore). The investment included ₹25,002 crore (41 *per cent*) in Companies/Corporations under perennial loss.
- The interest accrued on the investment made out of the Consolidated Sinking Fund of ₹1,000 crore in 2012-13, amounting to ₹142.86 crore, did not form part of the assets of the State Government as the transaction did not pass through the Government books.
- Short transfer of ₹27.39 crore to Environment Protection Fund during 2015-16 resulted in overstatement of revenue surplus to that extent.
- Due to Transfer of ₹2,418 crore from Consolidated Fund to Infrastructure Initiative Fund (IIF) in Public Account, write back of ZP Fund II and Taluk Panchayat Fund balances (₹419.10 crore) compressed the capital/revenue expenditure artificially.
- Against total provision of ₹1,66,672 crore during 2015-16, an expenditure of ₹1,49,250 crore was incurred. This resulted in an unspent provision of ₹17,422 crore (10 *per cent*).
- Expenditure of ₹175.50 crore was classified under revenue section instead of capital section.
- Expenditure of ₹329.42 crore was wrongly classified under the object head '059 – Other Expenses' instead of under the relevant object heads, viz., Subsidiary Expenses, General Expenses, Subsidy etc.
- Supplementary provision of ₹936.68 crore in 36 cases was unnecessary.

Manipur (Report No. 1 of 2016)

Performance Audit on Implementation of Pradhan Mantri Gram Sadak Yojana

- The Performance Audit on Implementation of Pradhan Mantri Gram Sadak Yojana (PMGSY) showed various deficiencies such as (a) leakage of funds, financial irregularity, loopholes in execution of works with monetary value to the extent of ₹80.70 crore; (b)

- There were huge unutilized balances in the range of ₹0.68 crore to₹176.37 crore in the Programme fund during 2010-15. This indicates poor programme management.

Meghalaya (Report No. 3 of 2017)

A Performance Audit on **Right of Children to Free and Compulsory Education Act, 2009,** disclosed:

- The fund allocated was not being utilised efficiently as ₹908.46 crore was not released by the GoI/GoM due to under-utilisation of funds.
- Expenditure of ₹483.88 crore on incomplete civil works were lying unfruitful for a period of three to six years.

Meghalaya (Report No. 2 of 2017)

A Performance Audit on **Functioning of the Transport Department**, revealed:

- Test check of the records of taxes on sale, trade *etc*., state excise, motor vehicles tax, forest receipts and other non-tax receipts conducted during the year 2015-16 revealed under assessments/short/non-levy/loss of revenue amounting to ₹635.57 crore in 249 cases. During the year, the departments accepted under-assessments/short/non-levy/loss of revenue of ₹451.57 crore in 147 cases pointed out in 2015-16, and recovered ₹1.83 crore.

- Failure of the Superintendents of Taxes to carry out scrutiny/assessment resulted in short payment of tax amounting to ₹10.29 crore by two cement manufacturing units; on which interest of ₹3.87 crore and penalty not exceeding ₹20.58 crore were also leviable.

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

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

IV A Union Audit

Commercial – Compliance audit of Finance and Accounts Department of Bhilai Steel Plant (BSP)/SAIL for the year 2015-16

- Audit observed (Dec. 2016) that lack of internal control and communication between various units of BSP has resulted in irregular payment of ₹42.89 to the contractor.

- In response to audit observation, BSP/ERP (Enterprise Resource Planning) team formulated a system to block the SAP (Systems, Applications, Products) Purchase Order at source by the respective contract awarding agency against which termination notice is issued. After that, no transaction i.e. service entry sheet, bill processing will take place against such SAP Purchase Order.

Commercial - Phase-II accounts audit of GAIL (India) Limited for 2015-16

- GAIL (India) Limited did not have accounting Policy for valuation of Imported Liquefied Natural Gas (LNG) in Transit.
- On pointing out, the Company has an accounting policy in the financial statements of GAIL for the year 2015-16 stating as "Imported LNG in Transit is valued at CIF (cost, insurance and freight) value of Net Realizable Value whichever is lower."

Commercial - Draft Para titled 'Irregular expenditure towards Gold Coins' issued to MoPNG vide letter dated 19.11.2014

- At the instance of audit, the ONGC (ONGC Office order No. (08/2015) vide ONGC/ER/CP/SEP/003 Dated 27.2.2015), discontinued the Scheme of presenting Gold coins to its employees on superannuation/voluntary retirement/ completion of 12/20/25/35 years of service forthwith, which is not consistent with DPE guidelines with immediate effect.

Commercial - Standalone Financial Statement for the year ended 31st March 2017 of ONGC

- Fixed Asset: As per latest amendment to Schedule II of the Companies Act 2013, componentization of assets are compulsory. In order to find an appropriate threshold limit, the written down value of other asset as on 31.3.15 has been analyzed and it was found that if ₹50 crore is decided to be threshold limit for componentization, 50% of the total value of offshore assets would be done. Further, in case of new assets componentization having gross value at ₹50 crore and above, the same may be adopted for all fixed assets capitalized till date. Based on the audit observation made in the supplementary comment taken in Accounts audit of ONGC for the year 2015-16, the criteria was revised to ₹25 crore.

Commercial – Report No. 15 of 2016 (Vol-I) (Compliance Audit Observations)

- On being pointed out by audit (September 2013), Engineering Projects (India) Limited (EPIL) amended its Leave Rules in the 229th meeting of the Board of Directors held on 22 November, 2013, limiting the maximum ceiling for encashment of leave at the time of superannuation / cessation of service other than on disciplinary grounds to 300 days of EL and HPL combined, with effect from 28 November 2013.

Defence - Para 7.8 of Report No. 44 of 2015

- Extra expenditure due to non-insertion off option clause in the tender enquiry/ supply order: A Board of Enquiry (BoE) has been constituted on 15.07.2016 to investigate the matter and to suggest the remedial measures to prevent such lapse in future.

Central Excise & Service Tax - Report No. 33 of 2014

- At the instance of audit, Central Excise Rules were amended with effect from 01.03.2015 by inserting Clause 6 in Rule 12 of Central Excise Rules, 2002.

IV B State Audit

Chhattisgarh: Report No. 2 of 2017

- Change in Rule - Index of cement was replaced with grey cement and index of steel (Bar & Rods) was replaced with Rebars for calculation of escalation in clause 11(c) of tender document by State Government, vide Government of Chhattisgarh Order dated 21.12.2016.
- The guidelines for "Distribution of Livestock Development Department" were revised for inclusion of specific orders for verifying the relevant documents before the release of subsidies to the beneficiaries. Revised guidelines were issued by the department vide No. 5065 dated 05/07/2016.
- The Public Health Engineering Department made changes in the e-Works (Software) to link it with e-Kosh (an online IT system of Treasury) for the generation of Form-51 from the financial year 2017-18.
- The Commercial Tax department of Chhattisgarh amended that for the Input Tax Rebate the dealers had to furnish details of all their purchases against the previous system of furnishing details of purchases above ` One lakh.
- The State Government has included a clause in the NIT for the offer of purchase price of foreign liquor that vendors should submit the price quoted by them across the country and also shall submit the ex-distillery price while quoting the price.

West Bengal: Para 4.7.9 of AR (Revenue Receipts) 2010-11

- The Government of West Bengal amended the West Bengal Excise (Foreign Liquor) Rules, 1998 and prescribed the late fee @ Rs.500 per diem for delay in application for renewal of FL manufactory license, vide Notification No.158-EX dated 29.02.2016.

Rajasthan: Para No. 2.11.10.4 of Audit Report for 2010-11 & Para No. 2.9.13.1 of Audit Report for 2011-12

In compliance of Audit observation, Commissioner, Commercial Taxes issued circular for levy of correct rate of Tax, self-explanatory assessment orders/ rectification orders, examination of details of dispatch of goods and to ensure acceptance of only valid declaration forms, vide No. F-16 (48) Tax/CCT 11-12/ PF-II/ 04.05.16.

Rajasthan: Para No. 7.4.19 of Audit Report for 2015-16

Provisions regarding allotment of strip of land were removed in the new rules, by Government of Rajasthan Mines (Gr-II) Department vide notification F.14 (9) Mines/Gr.II/ 2015-Pt.-II dated 28.02.2017 made Rajasthan Minor Mineral Concession Rules, 2017.

Rajasthan: Para No. 6.7.5.1 and 6.7.5.2 of Audit Report for 2010-11

As per Rule 28(2)(iv)(b)- The lessee shall keep production of all the minerals within the limits of mine plan or permitted under applicable laws and if lessee has excavated and dispatched mineral to the extent of more than ten per cent but upto twenty five per cent, two times of royalty on entire quantity over and above specified in the mine plan or permitted under applicable laws shall be recovered and any quantity more than twenty five per cent, entire quantity over and above specified in the mine plan or permitted under applicable laws shall be treated as unauthorized excavation and lessee shall be liable to pay cost of such excess mineral. (Government of Rajasthan Mines (Gr-II) Department vide notification F.14(9) Mines/Gr.II/ 2015-Pt.-II dated 28.02.2017 made Rajasthan Minor Mineral Concession Rules, 2017).

Rajasthan: Para No. 6.9 of Audit Report for 2013 -14

State Government added an explanation below Rule 49-A of Brewery Rules providing basis of calculation of wastage (quarterly basis), vide State Excise Department's Notification No. F.32(B)(379)Ex/L/72-VII/6913 Dated 29.04.16.

Rajasthan: Para No. 5 II B of Inspection Report of Excise Commissioner Rajasthan (2013 -14)

State Government added a proviso below Rule 5 of Brewery Rules to allow manufacturing and bottling of beer brands of other units having similar license in any part of the Country, vide Government of Rajasthan, State Excise Department's Notification No. F.32(B)(379)Ex/L/72-VII/6913 Dated 29.04.16

Rajasthan: Para No. 5.4.9 of AR 2015-16

The State Government issued notification in supersession of the notification Dated 08.03.2016 and reduced the Stamp Duty to 0.5% w.e.f. 31.03.2009 (with retrospective effect), vide Stamp and Registration Department's Notification No. F.4(3)FD/tax /2017-109 Dated 08.03.2017.

Maharashtra: Annual Accounts of Maharashtra State Road Transport Corporation for the year 2015-16

At the instance of audit, Maharashtra State Road Transport Corporation (MSRTC) has changed its accounting policy pertaining to valuation of incomplete work pertaining to reconditioning of bus bodies work of passenger vehicles and construction of new bus bodies work on new chassis under WIP, vide MSRTC's Circular No.ST/ACC/B&F/38 dated 24.05.2017.

V Follow Up on Audit Findings and Recommendations

ISSAI 10 prescribes that SAI should have independent procedures for follow up to ensure that audited entities properly address their observations and recommendations and that corrective actions are taken. Regulations on Audit and Accounts 2007 stipulate that the Secretary to Government of the concerned Department shall cause preparation of self-explanatory action taken note(s) on the audit paragraph(s) relating to his/her Department, that are included in the audit report, for submission to the PAC/COPU.

An action taken note states whether

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

The table below shows the position of Action Taken Notes (ATNs) as on 31 March 2017:

	ATNs awaited at the end of 31 March 2017	ATNs settled during the year 2016-17
Union level	**612**	**978**
State Level	**11,415**	**1,098**
Total	**12,027**	**2,076**

Chapter 4

Key Results and Achievements – Accounts and Entitlements

Introduction:

Article 149 of the Constitution and Sections 10, 11 and 12 of the CAG's DPC Act, 1971, prescribe the duties and powers of the Comptroller and Auditor General of India, in relation to the accounts of the Union and States. The C&AG is responsible for compilation and preparation of accounts of State Governments (other than Goa), maintenance of GPF accounts in twenty States (twenty two offices – include Maharashtra-I & II and Uttar Pradesh-I & II), authorization of pension payments of State Government employees in nineteen States (twenty offices – include Maharashtra-I & II) and Gazetted Entitlement functions in nine states. The key focus areas of the Government Accounts Wing and the achievements during the year 2016-17 are given below.

I Performance related to Accounts function

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

Date of certification of Annual Accounts of the States for the year 2015-16

Sl. No.	Name of the State	Date of certification
1	Andhra Pradesh	01-03-2017
2	Arunachal Pradesh	25-11-2016
3	Assam	25-11-2016
4	Bihar	28-11-2016
5	Chhattisgarh	18-10-2016
6	Gujarat	18-10-2016
7	Haryana	13-10-2016
8	Himachal Pradesh	10-10-2016
9	Jammu & Kashmir	10-11-2016
10	Jharkhand	27-10-2016
11	Karnataka	07-11-2016
12	Kerala	05-01-2017

Sl. No.	Name of the State	Date of certification
13	Maharashtra	29-09-2016
14	Manipur	10-10-2016
15	Meghalaya	29-09-2016
16	Mizoram	10-10-2016
17	Madhya Pradesh	28-11-2016
18	Nagaland	10-10-2016
19	Odisha	18-10-2016
20	Punjab	01-10-2016
21	Rajasthan	10-10-2016
22	Sikkim	01-11-2016
23	Tamil Nadu	27-10-2016
24	Telangana	01-03-2017
25	Tripura	25-10-2016
26	Uttar Pradesh	07-10-2016
27	Uttarakhand	10-10-2016
28	West Bengal	10-01-2017

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

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

I C Timeliness

11 out of 28 Accounts offices rendered monthly accounts on time throughout the year. 260 out of 364 monthly civil accounts due to be rendered during the year were rendered on time, while there were delays in the remaining 104 accounts. Delays occurred in five Northeastern, two Northern, one Central, two Eastern and three Southern region States, due to late receipt of accounts from treasuries/divisions/other accounts rendering units of State Governments. Some of the specific reasons for late receipt of accounts were law and order problems in Jammu & Kashmir and Nagaland, Assembly Elections in Tamil Nadu in May 2016 and strike in treasuries in Uttarakhand.

I D Completeness

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

I E Combined Finance and Revenue Accounts

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

CFRAs for the years 2005-06 to 2014-15 are available on the CAG's website (www.cag.gov.in.). CFRA 2015-16 has also been completed.

II A Treasury Inspections

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

2493 inspections of treasuries/sub-treasuries were carried out during the year. As a result of these inspections, 1974 Inspection Reports were issued and 1268 recommendations made.

II B Major Findings of Treasury Inspections during 2016-17

The treasury inspections revealed a number of deviations related to compliance with financial rules, pointing towards fault lines in the internal control systems and impacting the financial management of the States. Some of the deviations which came to notice included:

- Incorrect accounting of expenditure from the Contingency Fund and non-submission of Plus-Minus Memorandum in respect of Personal Deposit Accounts (Bihar)
- Irregular payment/overpayment of social security pensions to ineligible persons (Rajasthan)
- Non finalisation of provisional pension cases for more than one year and cases of over payment/under payment of family pension (Gujarat)
- Recoveries amounting to ₹1.15 crore relating to overpayment of pension/family pension in 817 cases (Tamil Nadu)
- Mismatch between pension check register and bank data, and balances in Personal Deposit accounts, inoperative for more than 3 years, not credited to Revenue Accounts, pension paid to bank branches in the case of deceased pensioners which was not returned to the State exchequer, and non-verification of balances by the Administrators of Deposit Accounts (West Bengal).

Treasuries in almost all the States are computerised. In Uttar Pradesh, shortcomings in the salary package of the treasury software have been pointed out and modifications recommended. In the case of Andhra Pradesh and Telangana, recommendations have been made to take up measures to mitigate risk in various IT applications and ensure data security.

III Performance with regard to Entitlement Functions

III A Centralized Portal for information related to Entitlement functions

Information related to the status of pension, GPF and GE cases is available on the websites of respective AG offices. However, in order to facilitate navigation to the State AG office websites through a single point entry in the website of C&AG, an initiative has been taken to provide a new tab called 'Entitlement' on the website of C&AG of India, to which the websites of PAsG/AsG (A&E) offices dealing with GPF, Pension and GE functions of State Government employees have been linked. This enables the concerned stakeholders and other visitors to view information uploaded on respective State websites, by navigating through the 'Entitlement' tab of C&AG's office website.

III B Pension cases finalized

The function of pension authorization is being carried out by 20 Accounts and Entitlement offices. These offices finalized 4,17,609 original and pension revision cases during 2016-17. As per the citizen's charter, original pension cases are to be finalised within 2 months from the receipt of the case in the AG office. The average time taken for finalization of a case ranged from 15 to 30 days in Assam, Bihar, Haryana, Himachal Pradesh, Jharkhand, Maharashtra I and II, Meghalaya, Nagaland and West Bengal; 30 to 45 days in Andhra Pradesh, Jammu and Kashmir, Manipur, Odisha, Punjab, Tamil Nadu and Telangana; and 45 to 60 days in Karnataka, Kerala and Tripura.

III C Maintenance of General Provident Fund Accounts

22 A&E offices are responsible for the maintenance of General Provident Fund Accounts (GPF) of State Government employees. During the year 2016-17, we maintained 28,24,829 GPF accounts through 20 A&E offices. Accounts slips in respect of 27,37,565 GPF accounts (97 *percent*) were issued on time, while the remaining 2 offices are in the process of closing their accounts.

No. of GPF accounts maintained during 2016-17	No. of accounts slips issued in time
28,24,829	**27,37,565**

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

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

Area of focus

IV A GPF:

a) In Andhra Pradesh and Telangana, data related to unposted items, for the years 2011-12 to 2015-16, has been shared electronically with Treasury Officers, for prompt adjustment/clearance of these items. Consequently, there was improvement in the settlement of Final Payment (FP) cases in 2016-17.

b) In Assam, the monthly disposal status of Final Payment cases is regularly being published in leading vernacular dailies, with the help of the State Administrative machinery. From time to time, press releases are also published in vernacular dailies, in order to sensitise Drawing and Disbursing Officers, Treasury Officers & GPF subscribers, regarding action to be taken for the adjustment of the existing missing credits, as well as to minimize fresh creation. The process of system generated authorisation of Non-Refundable Advances (NRAs) in the GPF Group has been started, resulting in prompt settlement of these cases.

c) In Maharashtra, a workshop for DDOs with the maximum number of un-posted items and missing credits was held in February, 2017, with the objective of optimising subscriber satisfaction.

d) In Karnataka, access to the HRMS database of the State Government was obtained. This facilitated the detection of misclassifications. Wanting schedules were downloaded, without the necessity of undue correspondence, enabling efficient posting. The final withdrawal module, developed in-house, is being used for calculation of the amounts of final payments. Computer generated final payment/RB authorisations were issued using this module. A PF library was formed to house all ledger cards and nomination registers, to ensure easy accessibility of records.

e) In Kerala, the digital authorization of NRA and closure of GPF accounts has been implemented with effect from 01.02.2017. A new software has been developed for uploading of authorization letters with the help of NIC, Kerala. A linkage, between the AG office and the State Government, has been developed, by means of a unique ID. This has helped in expeditious issue of PF authorizations, as well as reduction in the usage of stationery and postage.

IV B Pension:

a) In Maharashtra -I, 161 pension cases of employees of the erstwhile Irrigation Department, pending since June 1985, have been successfully cleared. In Maharashtra-II, on-line receipt of pension applications, through the pension applications module of the IFMS, is enabled.

b) In Andhra Pradesh & Telangana, a WhatsApp facility has been introduced to enable subscribers/pensioners to lodge grievances and also to intimate them of the action taken in regard to such grievances. In Jharkhand and Maharashtra, an SMS facility has been introduced to provide information to pensioners about the receipt and disposal of pension cases.

c) In Andhra Pradesh, Haryana, Himachal Pradesh, Manipur and Telangana, digitisation of pension cases has been undertaken, in order to ease retrieval and preservation of old pension case files and release space for alternate utilisation. In Andhra Pradesh and Telangana, pension files from the year 1997-98 onwards have been digitised and uploaded to the Data Management System, with access being provided to concerned staff members through intranet. In Himachal Pradesh, pension files, pertaining to the past 30 years, have been converted to a digital format. Out of approximately 2.50 lakh cases in Haryana, digitisation of 1.14 lakh cases was completed during 2016-17.This move is also meant to ensure safety of old records against potential destruction that might be caused by disasters.

IV C Gazetted Entitlements:

a) In Kerala, pay slips are being forwarded electronically from GEMS (Gazetted Entitlement Management System) to SPARK (Service and Payroll Administrative Repository for Kerala – State Govt. application). During 2016-17, the office processed 45000 pay revision cases of State Govt. Gazetted Officers,AIS Officers and Gazetted Officers of the High Court, through a modified GE application software, which enabled prompt settlement of cases.

b) GEMS has also been introduced In Tamil Nadu. Use of GEMS has resulted in improvement in the issue of pay slips and maintenance of leave accounts of Gazetted Officers, from December, 2016 onwards.

IV D Proactive engagement with stakeholders:

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

Offices have taken initiatives to hold adalats to interact with the stakeholders directly, so as to better understand their problems. In Chhattisgarh, 6 Special Lok Adalats were arranged, for the first time, at the district level, to clear long standing final payment cases, which had been pending for want of complete information. In Jharkhand, Pension Adalats were held in 9 districts in order to expedite the settlement of pensionary benefits and redressal of grievances of pensioners. Media coverage was given to the Adalats so conducted, for creation of awareness among stakeholders. Representatives of pensioners, Department Heads and treasury officers attended the Adalats, resulting in a decline in the pendency of cases.

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

V The Way Forward:

Integrated Financial Management System

The Integrated Financial Management System (IFMS) is 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. Development of IFMS is at various stages in different states. The AsG (A&E) are partnering the State Governments, as primary stakeholders, to facilitate implementation.

With the advent of large scale computerisation, work processes in government are increasingly being digitised. The smooth functioning of A&E offices is predicated upon an appreciation of the current scenario and adapting to it efficiently and promptly. While constantly endeavouring to upgrade the competencies of the staff, the offices are also keeping in step with the developments in the State Governments. Various platforms, such as conferences, seminars, workshops, with State Government functionaries, as well as other stakeholders, are being utilised, in order to enable a continuing exchange of views and creating awareness. Technology is being leveraged to expedite work processes, while improving accuracy. A number of offices are providing information to stakeholders at regular intervals through SMS and WhatsApp services. All these measures are expected to improve the quality of accounts and service delivery, by ushering in greater transparency, efficiency and timeliness.

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. We are conscious of the significance of Professional Standards and Practices, both for Government Auditors and Accountants. These provide guidance for all practitioners and serve as benchmarks for quality control and our quality assurance processes.

I Government Accounting Standards Advisory Board (GASAB)

The Comptroller and Auditor General of India, with support of the 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 the quality of decision making. Beyond identifying resources for funding public service delivery programmes and schematic interventions, the focus is also on good governance, fiscal prudence, efficiency & transparency in public spending. GASAB consists of 16 members with high level representation from the Government (Central and State), Professional Accounting Institutes, Reserve Bank of India and Academia.

GASAB has the following responsibilities:

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

GASAB develops two kinds of standards (i) Standards based on the cash-based accounting system, namely the Indian Government Accounting Standards (IGASs), which are mandatory for application by Union, States and the Union Territories with legislatures, from the dates notified by the Government; *and* (ii)

Standards based on the accrual based accounting system, *i.e.* the Indian Government Financial Reporting Standards (IGFRSs), which are recommendatory for pilot studies from the date approved by GASAB. These standards are developed in consultation with stakeholders and are forwarded to the Ministry of Finance for consideration and notification, in accordance with provisions of the Constitution.

IA Accounting Standards notified

The following three IGASs have been notified till March 2017:

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

IB Accounting Standards under consideration of the Government

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

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

During 2016-17, the work of the GASAB Secretariat focussed on developing a Guidance Note on Fixed Assets Recording and Accounting and a standard on General Purpose Financial Statements of the Government.

The Advisory on Fixed Assets Accounting was deliberated upon in two meetings of Technical Advisors from various departments/organizations, across governments at the Union and State levels. The draft Advisory *interalia* proposes the inclusion of an annual Statement on Capital Expenditure for the Acquisition of Fixed Assets in the

Finance Accounts, by capturing the information, as per the object heads available for the acquisition of Fixed Assets. It also proposes the preparation of transaction-linked Fixed Asset Registers, which will link vouchers with transactions for the acquisition/construction of fixed assets, leading to greater accountability in Government expenditure. The Advisory is currently under finalization.

The 'Synopsis of General Purpose Financial Statements of Government', a cash based draft standard, has also been prepared. This standard is, at present, under the consideration of the GASAB Secretariat.

GASAB is also making efforts to revise the existing Standards on the basis of the comments by the user divisions and to keep the Standards current.

II Audit methodology and guidance

The mandate of the Professional Practices Group (PPG) includes development, dissemination and implementation of new audit methodologies, after following the due process of consideration by the Technical Board for Professional Practices. The Technical Board on Professional Practices advises the CAG of India on various accounting and auditing policies and procedures. The Technical Board is supported by PPG in its initiatives. PPG also partners with the international community for the development and strengthening of professional standards and practices. In order to attain the aforesaid objectives and to strengthen the professional practices in CAG of India, the PPG took the following initiatives during 2016-17:

IIA Auditing Standards

In exercise of powers conferred by the DPC Act, as amended from time to time, the CAG framed the Regulations on Audit and Accounts, 2007, which provide the overarching governance framework for both accounting and auditing functions. The CAG's Auditing Standards constitute the next layer of the audit governance framework and set out the professional standards of auditing for the organization, as well as for its personnel. As an ongoing initiative for continuous improvement and benchmarking, these standards are periodically reviewed, restructured and updated.

The Auditing Standards were first brought out by the Department in 1994 and were subsequently revised in 2002. The third edition of the Auditing Standards are effective from 1 April 2017. These standards are 'type of audit' based standards, as against the earlier standards, which were 'process based'.

The new standards incorporate the prerequisites for the functioning of Supreme Audit Institutions and the Fundamental Auditing Principles of the International Standards of Supreme Audit Institutions, which have been suitably adapted with due consideration of the audit mandate and rules applicable to the institution of the CAG (SAI India). These standards determine the audit procedures that shall be applied in audit and constitute the criteria or benchmark against which the quality of audit results is to be evaluated.

The Auditing Standards stipulate the General and Specific Standards. The General Standards prescribe principles relating to basic audit concepts and principles relevant to the audit process *i.e.* Planning, Conducting, Reporting and Follow-up of audits - and are applicable to all types of audit. The Specific Standards prescribe the specific applicability, of the general and process related principles, to financial, compliance and performance audits.

IIB Practitioner's Guide for use of Data Visualisation and Infographics

The document aims to provide guidance on the use of data visualisation or infographics, to represent data and information for enhancing the quality of reporting and presentation in various documents prepared in the Indian Audit & Accounts Department.

The guide discusses the characteristics of data visualisation/infographics and enunciates the principles for usage of appropriate techniques in various documents prepared by the Department. Effective reporting involves a judicious mix of text, tables, graphs and charts and other diagrams in relation to the subject matter being reported upon and infographics are intended to complement the textual content. Professional judgement is to be exercised while opting for a prudent combination of infographics.

IIC Guidance notes

As a follow up of the Accountants General Conference 2014, in order to mainstream the planning and conduct of compliance audits across bodies/arrangements on a regular basis, the following guidance notes were issued during the year:

a) **Guidance Note on Compliance Audit of SPVs/Societies implementing beneficiary oriented schemes**

b) **Guidance Note on Compliance Audit of PPP arrangements**

c) **Guidance Note on Compliance Audit of Regulatory Bodies**

d.) **Enhancing Topicality and Timeliness of Audit Reports:** An instruction for field offices to make efforts to incorporate more current transaction paragraphs in the Audit Report. The note defines 'current transactions' for the purpose of audit and emphasizes on focusing on the audit of high risk units during the first and second quarters of an annual audit cycle.

III Professional Standards and Quality Assurance

Quality assurance involves a periodic evaluation of the audit process. Its objective is to provide the SAI with a reasonable assurance that the audit work of the SAI complies with professional and applicable legal standards. Quality assurance is carried out by individuals who are not part of the audit process they are reviewing. It can be carried out internally by the SAI, or by another SAI. An External peer review was carried out in the year 2011-12 and the External peer review team submitted its report in September 2012. Regular Peer reviews and Inspections of field offices are carried out by the Inspection wing of the Headquarters office, which is headed by an Additional Deputy Comptroller & Auditor General.

III A Internal Peer Reviews

We organize Peer Review of Audit Offices as part of Quality Assurance Mechanism. These are governed by the guidelines on "Quality Assurance through Peer Review".

As per the directives of the C&AG of India, Peer Reviews of Accounts & Entitlement (A&E) offices were reintroduced in year 2016-17. For this purpose, the Inspection Wing of Headquarters office prepared a new set of check list and questionnaires for A&E offices.

A new Peer Review report format was also devised during 2016-17, for both - Audit and A&E offices with a view to ensuring uniformity in reporting. For balanced reporting, the Peer Reviewers have also been specifically requested to highlight the Good Practices being followed by the reviewed offices.

During the year 2016-17, Peer Reviews of 14 offices were planned and conducted by Directors General/Principal Accountants General. The Inspection Wing coordinated these Peer Reviews. Follow-up action on the Peer Review Reports is monitored by the concerned functional wings.

III B Quality Management through Inspections

The Inspection Wing conducts inspections of all field offices, including branch offices. The selection of offices is based on risk assessment, generally leading to a triennial periodicity. To review adoption of the Compliance Auditing Guidelines, the Inspection Wing designed a check list in 2016-17 for field inspection teams.

During the year 2016-17, 33 main offices (A&E-12, State Audit-08, Central Audit-03, Member Audit Board - 02, Post & Telecommunications-01, Railway Audit - 04 and Training Institutes -03) were inspected, by utilizing 330 party days.

The details of inspections planned and conducted; and audit findings issued and settled during 2016-17, are as under:

Number of Inspections		Number of audit findings issued	Number of audit findings settled during	
Planned	Conducted		2016-17	Previous Years
34	33[5]	3,085	164	1393

Based upon the inspections, 548 recommendations were included in the Inspection Reports during 2016-17. Finally, in order to report with clarity, emphasis was laid upon visual representation tools (such as charts and graphs) in 2016-17.

[5] **Note:** The inspection of AG (A&E) Manipur planned in March 2017 was postponed based on the request received from AG (A&E) Manipur, as large number of staff were deployed for elections in the State during the period.

Chapter 6

How we manage our resources

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

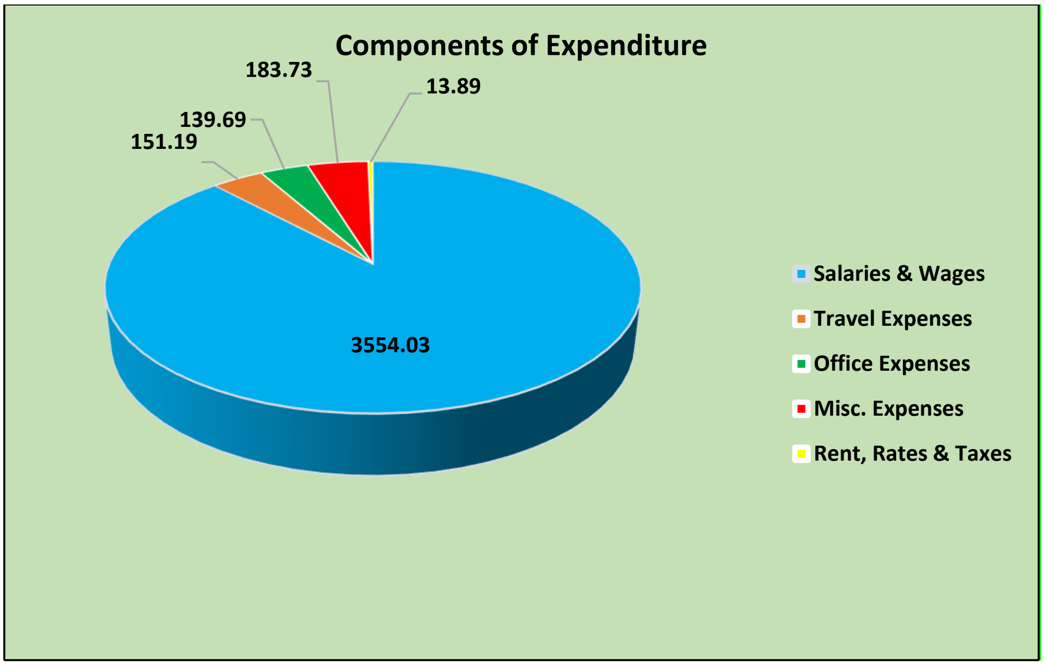
I Our Financial Management

We spent ₹4042.53 crore in 2016–2017. Component wise details of expenditure are given below:

I A Components of Expenditure

We spent 88.06 *per cent* of our resources on 'Salaries' and wages and 3.74 *per cent* on 'Travel'. Thus 91.66 *per cent* of total expenditure was incurred directly on our human resources.

(₹ in crore)



I B Expenditure pattern on functional basis

All expenditure on IAAD, except the expenditure of CAG's office and UN Audit Unit, is voted. Civil Audit Offices accounted for largest share of expenditure followed by Civil Accounts Offices. Overall we spent about 62.41 *per cent* on Audit (excluding Headquarters).The total expenditure on the Civil Accounts Offices was approximately 32.83 *per cent*.

Categories of offices	**Actual Expenditure (Rs. in crore)**	**Percentage of Expenditure**
Headquarters office	125.66	3.11
UN Audit	4.76	0.12
Overseas Audit offices	27.80	0.68
Civil Audit Offices	1906.50	47.16
P&T Audit Offices	120.53	2.98
Railway Audit Offices	221.51	5.48
Defence Audit Offices	85.86	2.12
Commercial Audit Offices	155.92	3.86
NAAA Shimla	13.28	0.33
iCISA, NOIDA	8.32	0.21
Regional Training Institutes	30.84	0.76
Department Canteen	14.47	0.36
Civil Accounts offices	1327.08	32.83
Total	**4042.53**	**100**

II How we manage our Human Resources

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. Some significant developments during 2016-17 included the following:

- Optimal staffing in the field offices continued to be the main focus of the Staff Wing during 2016-17. Requisitions placed with Staff Selection Commission for direct recruitment to the posts of Divisional Accountants, Auditors, Accountants & Data Entry Operators materialized during 2016-

17. This resulted in addressing the deficiency in Group 'C' cadre to a great extent.

- Consultants were allowed to be appointed on specific requirement basis, so that the working in the field offices is not affected due to shortage of staff, if any.

III Our People

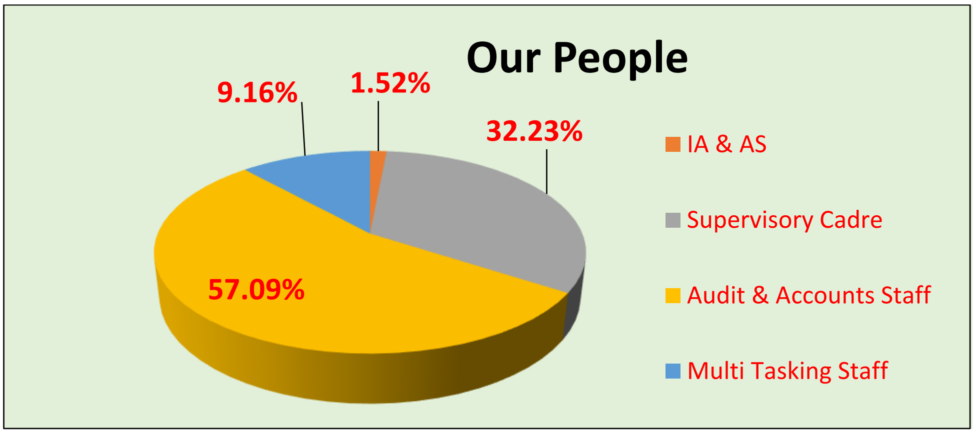
Our manpower is broadly classified into four categories:

Category	Numbers
IA&AS	710*
Supervisory Cadre	15,022
Audit & Accounts Staff	26609
Multi-Tasking Staff	4,269
Total	**46,610****

*This includes 06 officers on deputation from other departments

** As on 01.03.2017

In IA&AD 33.75 *per cent* people are at different managerial and supervisory levels in IAAD and 57.09 *per cent* constitute audit and accounts staff. Only 9.16 *per cent* (MTS) of the total strength provide support function. As against sanctioned strength of 68,198 only 68.34 *per cent* staff is presently working in the Department. We recruited 2836 people in the category of Audit & Accounts Staff during the year. This helped in mitigating the deficiency to some extent.



Indian Audit & Accounts Service (IA&AS) Officers are recruited through Union Public Service Commission. The top, senior and middle management level of IAAD are manned by officers from this service. 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 57.08 *per cent* of our total manpower. They are recruited by the Staff Selection Commission or promoted from feeder cadre.

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

IV Qualifications

Our officers and staff in Group 'B' & 'C' cadres are well qualified. We have 175 doctorates, 3148 professionally qualified personnel, 5257 post graduates and 26759 graduates in these cadres.

The IA&AS consists of 15 doctorates, 373 professionally qualified[6] officers, 163 post graduates and 152 graduates.

V Recruitments

We recruited 2860 persons in 2016-17. The largest number of recruitments (2836) took place in the Audit and Accounts staff category.

VI Gender Balance

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

Category	**Women**	**Men**	**Percentage)**
IA & AS	175	535	24.64
Supervisory Cadre & Audit/Accounts Staff	6982	34649	16.77
Multi-Tasking Staff	602	3667	14.10
Total	**7759**	**38851**	**16.64**

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

women is highest in the IA&AS.

VII Staff Associations

We have 237 staff associations and 5 All India Federations representing audit and accounts staff and supervisory cadres. State level meetings were held by the PAsG/AsG with the concerned field level Service Associations.

VIII Publications

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

Two issues (fifth and sixth) of Journal of Government Audit and Accounts:

Two half yearly issues of the Journal of Government Audit and Accounts (e-Journal) were brought out in August 2016 and January 2017 respectively. The e-Journal of August 2016 was the fifth issue of the journal, which, for the first time, introduced a thematic approach. All contributions in this issue pertained to the theme 'Capacity building'. The sixth issue of the journal, brought out in January 2017, was a special edition that presented highlights of the 28th Accountants General Conference, 2016 and the Symposium held in October 2016.

IX How we use Information Technology

The Information Systems (IS) Wing acts as a facilitator for computerization of various activities identified by various functional wings and for the use of stakeholders. It is responsible for the formulation of policies, preparation of plans, issuance of guidelines, budgeting, allocation of funds, monitoring of various activities and taking mid-term corrective action on various computerization initiatives in the department. It also maintains the website of the office of the CAG of India. Initiatives taken during 2016-17 included upgradation of the video conferencing facility in field offices, as also upgradation of internet bandwidth connectivity across various offices, in the form of the IAAD Net, over NICNET, through the National Informatics Centre (NIC).

1. Up-gradation of Video Conferencing facility in all field offices

- The Proposal to standardize the Video Conferencing (VC) infrastructure was mooted by the IS wing and NIC was requested to prepare a project report in this regard, incorporating the most appropriate equipment. The proposal covered 101 offices.

- As per the NIC's proposal and testing of recommended equipments, sanction was obtained from the competent authority for PTZ (Pan, tilt & zoom) cameras and 60" display units for conducting VC for 101 field offices.
- High end CISCO cameras with 65"monitors were recommended for Headquarters. Purchase orders were issued to National Informatics Centre Services Inc. (NICSI) for supply of the selected equipment.
- As on 16.6.2017, out of 101 VC equipments, 84 have been installed in field offices.

2. Up-gradation of IAAD Net Bandwidth

- A project to establish the IAAD NET, connecting all the field offices with NICNET, was taken up by IS Wing.
- The project has the objective of providing all offices with high speed internet by connecting to NICNET, which provides a safe gateway for accessing various applications; enabling field offices to use the data storage facility of NIC and storing backup of important data; as well as cloud hosting of any application in the future, with the assistance of the NIC cloud.
- In Phase-I, 30 leased connections were obtained, terminating at the A&E offices. These connections were used by all offices situated within the same premises, thus enabling internet connectivity to 68 offices.
- As the original proposed bandwidth was found insufficient in 25 sites, sanction of the competent authority was obtained for enhancing the bandwidth. The upgradation has been completed (June 2017) in all the 25 sites.

3. Procurement of centralized software

- The existing licenses of IDEA software were renewed up to 31.3.2017 in August 2016. Further, these licenses were renewed in March 2017 for the period up to 31.3.2018.
- 2,000 MS office 2016 Professional Plus Software licenses (1,000 each in October 2016 and March 2017) were procured.
- NIC has provided a centralized "McAfee" Antivirus Solution to the field offices connected to the IAAD net over NICNET.
- 7,000 licenses of Kaspersky Antivirus software were renewed and redistributed.
- 50 licenses of Tableau Desktop Software for Data analytics purpose were procured and 47 licenses were distributed to the user offices.

4. Common website for providing GPF related information to subscribers

- A decision was taken to standardize the services offered by all State Accountants General in respect of the "Entitlement" function to stakeholders.
- To begin with, it was decided to standardize the information provided in respect of the GPF function. This would later be extended to other services like Pension, GE, HBA, MCA, etc.
- NIC has been requested to develop a uniform model.
- GA wing has been requested to make a gap analysis and identify the requirements of each office.
- As decided in the meeting, an "Entitlement" tab has been created in the main website of CAG, for acting as the single source of access for all stakeholders, irrespective of State to which the concerned employees belong.

5. Creation and maintenance of Accountants General Website

The XXVIIIth AsG Conference website was created and updated with the materials received from different groups. A link to this website was also provided on the CAG's website.

6. Uploading Union Audit Reports, State Audit Reports, Finance Accounts of States etc. on the CAG's website

- All Union Audit Reports were uploaded on the same day of their receipt in the IS wing.
- All State Audit Reports were uploaded within a period of one week of their receipt in the IS wing.
- All other documents were uploaded, as received.

7. Empanelment of vendors for computer hardware

During the year, a committee was constituted for considering the central empanelment of vendors for purchase of IT hardware for field offices.

The recommendations of the committee for non-empanelment of vendors have been approved by the Competent Authority.

8. Revised Laptop Policy

Considering the present work requirement of audit parties, it was proposed that the current policy of providing one laptop to each field audit party may be revised to provide for two laptops for each field party. The policy was approved *in principle* by the Competent Authority.

9. Review of requirement of IDEA or any other suitable software

The committee, constituted for review of requirements for IDEA or any other suitable software, recommended that the department may continue the use of IDEA.

X Our efforts to promote Rajbhasha

Publications

During 2016-17, four issues of the quarterly magazine of Rajbhasha, "Lekha Pariksha Prakash", were published from the headquarters' office. Field offices are also regularly publishing their own Hindi Magazines to promote the official language.

Hindi Programmes

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

(b) Headquarters office celebrated the Hindi Pakhwada from 14-09-2016 to 28-09-2016. Hindi Pakhwada was also celebrated successfully in other field offices and various competitions were organized. A number of competitions were organized to promote the use of Hindi in the day-to-day functioning of the offices.

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

(d) The Parliamentary Rajbhasha Committee inspected two field offices under the supervision of the headquarters office.

Translation

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

(a) Resolutions, general orders, rules, notifications, administrative or other reports or press communiqués;

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

XI Infrastructure Development

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

A. The following projects have been completed:

1. Lucknow- AG office building
2. Patna-- Type-III Residential Quarters

B. The following projects are under construction:

1. Dehradun-AG office building
2. Itanagar-AG office building
3. Shimla-Restoration work of Gorton Castle, building

C. The following projects are at the planning stage:

1. Bangalore - Construction of office building at H. Siddaiah Road.
2. Hyderabad - Construction of RTI building at Kattalmandi.
3. Bhubaneswar - Construction of office building at Kesari Nagar.
4. Puri - Construction of office building at Dhenkanal House.
5. Mumbai - Construction of residential complex at Bhandup.
6. Kolkata - Construction of office-cum-residential complex at Ultadanga.
7. Ranchi – Construction of office building.
8. Aizawl - Construction of residential complex.

Chapter 7

Capacity Building in IAAD

1. Introduction

The CAG of India is committed to promoting good governance and accountability through public audit. In light of this commitment, the IAAD strives to constantly upgrade its professional skills and acumen by means of its robust training capacity, cutting across Group A, B & C personnel.

The training strategy of the IAAD is oriented towards supporting and strengthening personnel in the performance of their roles, as well as creating value through delivery of training and knowledge sharing. The strategy aims at increasing effectiveness, by focusing on key priorities concerning training and capacity demands of the functional groups.

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

2. Capacity Building in IAAD

Capacity building involves intensive training and knowledge sharing, and is the responsibility of the Training Wing at SAI India. The Training Wing functions under the DAI, assisted by the Director General, a Senior Administrative Officer, an Administrative Officer, two Assistant Administrative Officers and support staff. The objectives of capacity building are:

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

3. Training Institutes of IAAD

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

i) **National Academy of Audit and Accounts, Shimla:** The National Academy of Audit and Accounts (NAAA) is the apex training institute of the IAAD. It has trained hundreds of Officer Trainees (OTs) of the IAAS over the years, with the objective of shaping them into highly professional and competent officers. IAAS officers are required to acquire and possess the professional skills of an accountant and auditor, in addition to developing administrative competence to manage the staff of the IAAD (which has a strength of 46,610 personnel). The institute also offers mid-career and in-service training to officers.

Since its inception, more than 62 batches of IAAS officers have received comprehensive and holistic training at the Academy, and have carried out their responsibility of assisting the CAG of India in discharging his constitutional and statutory duties. It is not only officers of the IAAS who have flourished under the expert and proficient framework of the Academy, but also officers from other services like the Indian Railway Accounts Service (1950s) and the Indian Civil Accounts Service (1984-92), who were trained here along with the IAAS probationers. The Academy has also extended its academic and professional training expertise to officers from foreign countries, such as Bhutan and Nepal. During 2016-17, NAAA conducted 11 training programmes, in which 188 officers of the IAAS, IAS, IDAS, ICAS and IRAS, were trained.

Induction Training of IAAS officers: The officers of the Indian Audit and Accounts Service undergo a 15-week Foundation Course, along with Officer Trainees of other organized All India and Central Services, at different training institutions designated by the Government of India.

Thereafter, they undergo Induction Training at the Academy, enabling them to emerge as professional Public Sector Audit Managers and Audit Executives. The training curriculum of the officer trainees was reviewed in detail and suitably modified in 2013-14.

The residential induction training at the Academy, lasting 94 weeks, commences around mid-December every year and is organized in a sandwich pattern: Phase-I training of 54 weeks, followed by On-the-Job Training (OJT) of 34 weeks, in both - Audit Offices, as well as Accounts & Entitlement (A&E) Offices across the country, followed by Phase-II training at the Academy for 6 weeks. During ***Phase I***, the OTs are imparted training and prepared for the two sets of Departmental Examinations. They also have training attachments at institutions of repute, to expose them to a higher level of thinking beyond technical inputs in classroom sessions. The training also includes a trek and a Study Tour. During ***Phase II***, the focus is on sharing of experiences gained during the OJT and reinforcing of the technical skills, to equip the young officers for the responsibilities that will be assigned to them at the end of this phase, as well as to prepare them for functioning as Branch officers with independent charges. The training methodology followed in this phase consists primarily of case studies, interactive classroom sessions with senior officers from within and outside the IAAD and presentation of Strategy and Syndicate Papers. In order to expose the trainees to international best practices and standards, they also have a one-week overseas attachment with a Supreme Audit Institution. In 2015, this attachment was with the National Audit Office, London. During this attachment, the Officer Trainees were given exposure to challenges faced by public sector auditors in an ever-changing environment, risk-based audit approach adopted by NAO, identification of internal controls and its impact on substantive testing and quality assurance in the audit process etc.

Orientation Training Programme: Group B officers, on promotion to the Indian Audit and Accounts Service, are trained to shoulder higher level managerial responsibilities. They undergo an intensive Orientation Training at the Academy, designed primarily to enhance their managerial skills, apart from updating their professional knowledge and Information Technology skills. Personality development and leadership training are also major areas of focus.

The training serves as a forum for exchange of the diverse prior experiences of the officers and aims at equipping the officers to take on greater responsibilities. During 2016-17, 17 officers were trained at NAAA.

ii. **International Centre for Information Systems and Audit (iCISA):** The International Centre for Information Systems and Audit (iCISA), at NOIDA, was established in March 2002. It became an independent office in April

2006. 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 is a 'Centre for Excellence' for the audit of information systems being implemented across the country, as part of the e-Governance initiatives of the Central and State governments. iCISA has been the hub of capacity building in the area of Information Technology and e-Governance. The Centre has provided a platform for the introduction and implementation of new data analytics tools in the department, the latest being QLIKVIEW and TABLEAU. iCISA has organized training programmes on Auditing in an ERP environment *i.e.* SAP and ORACLE financials. The

Centre also houses the INTOSAI Collaboration Tool that provides a platform for collaboration amongst SAIs globally.

iCISA is an ISO 9001:2008 and ISO 27001:2005 certified institution which strives for ensuring quality systems in training and alignment of IT audit with global best practices.

iCISA conducts five/six International training programmes every year. These programmes are of a four-week duration. The Ministry of External Affairs provides scholarships for these programmes under the ITEC (Indian Technical and Economic Co-operation); SCAAP (Special Commonwealth African Assistance Programme) and CP (Colombo Plan). The broad objectives of these programmes are:

- Promoting bilateral co-operation between the Government of India, which funds these training programmes, and other Governments
- Providing a platform at the International level for various SAIs to come together and share their ideas and experiences in various fields of audit
- Providing 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 regions, have participated in these international programmes.

iCISA contributes to building capacities of other Supreme Audit Institutions under Bilateral Training Programmes. The Centre has designed and delivered customized training programmes for participants from several countries *viz* Afghanistan, Iraq, Vietnam, Bhutan, Maldives, Nepal, Oman and Uganda. The bilateral training programmes are an effective instrument for deepening ties between the SAIs and the respective countries. iCISA also imparts training for the preparation of departmental

UN audit teams. In early 2015, it provided infrastructure for remote access auditing to 8 teams auditing UN Peace keeping Operations.

iCISA conducted six International training programmes, under which 235 international participants were trained. It also conducted four Bilateral programmes, in which 116 participants were trained.

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

The International Centre for Environmental Audit & Sustainable Development (iCED), at Jaipur, was established in May 2013. The building was conceived as a green building and aims to achieve Green Rating for Integrated Habitat Assessment (GRIHA). Creation of iCED is an expression of the leadership role to be played by SAI India with regard to environment audit and sustainable development within the INTOSAI Community, as well as its readiness for this challenge. iCED has been recognized as the Global Training Facility (GTF) of the INTOSAI on Environment Audit. The first GTF training was held in November 2013. The training schedule and contents were prepared by experts in the area, from the SAIs of USA, Estonia, Brazil, Norway, Finland and India. These experts imparted the training at Jaipur. During 2016-17, iCED conducted one International Training programme for 15 participants from 22 SAIs, as well as 2 bilateral programmes for 43 participants from SAI Bangladesh and SAI Oman.

In addition, iCED also conducted 24 in-service training programmes for 607 officers in the field of Environment Audit.

iCED provides handholding sessions for conducting environment audits, wherein it assists audit teams in the selection of criteria, identifying audit objectives, identifying sources of data and participating, while establishing the 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.

iv. Regional Training Institutes/Centres:

IA & AD has 9 Regional Training Institutes (RTIs) and 3 Regional Training Centres (RTCs), located across the country, for capacity building among Group B and C cadres of the IAAD. The first RTI was established in Chennai in 1979. The others are located in Mumbai, Kolkata, Jaipur, Jammu, Shillong, Ranchi, Nagpur and Allahabad. In 1997, three Regional Training Centres were established at Delhi, Hyderabad and Bangalore, to share the training load of nearby RTIs.

The strategic priorities of RTIs/ RTCs include training of Group B and C staff and sharing of knowledge and experience, to enable officers to access the best practices in their fields of work. RTIs/RTCs also conduct 7 month long trainings for Direct Recruit Assistant Audit/Accounts Officers (DRAAOs). The period of 7 months includes 3 months of induction training, 1 month on-the-job training in their respective field offices and 3 months preparatory training for the Section Officers' Grade Examination.

Officers and staff in our organization are extensively trained in accounts, audit, administration, management and information technology. Besides trainings conducted by the 12 training institutions in the Department, field offices are also required to conduct in-house trainings, to take care of the specific training requirements of their officers and staff. Field offices also organize in-house training programs of short duration, to meet office-specific requirements for capacity building.

4. Training Methodology and Processes:

i. **Central Training Advisory Committee** (CTAC) annually reviews all training activities and programmes 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. The CTAC also oversees the work of the Regional Advisory Committees linked to the Regional Training Institutes.

ii. **Training Needs Analysis** is the first step towards a methodical approach to training. It is a systematic process of understanding the training requirements of a department/ organization. Our training requirements have to emerge out of the goals envisaged in the Strategic Plan and identified key focus areas. Training needs analysis, at the organizational level, is carried out annually, to arrive at the objectives of the training programs and for effective designing of courses, implementation & evaluation of training. This analysis also helps determine which critical, new or different skills are needed to meet the latest challenges.

To draw up the training requirements at the organizational level, inputs from all the functional wings at Headquarters are called for. The training programmes at RTIs/RTCs are conducted broadly on the basis of training need analysis of user offices. New areas of training and improvements in the existing areas of training are identified, based on the training needs analysis carried out by the field offices and functional wings.

iii. **Structured Training Modules** are the heart and soul of a structured training program. Training modules:

- serve as a guide for the trainer
- serve as a guide and later reference for trainees
- document procedures and best practices.

STMs help in creating awareness of training goals and designing strategies to accomplish them. All our training institutes disseminate training programmes based on regularly updated and peer reviewed STMs. The content for training modules is developed by a team of officers who are subject matter experts.

STMs are designed based on assessments of:

- Existing Knowledge of the participants
- Job related needs of the participants
- Gap analysis, between what they know and what they must know.

The Training Wing had initiated updation of the STMs during 2014-15. Till 31st March 2017, 43 STMs were updated after peer review by IAAS officers with domain knowledge in the particular area and sent to the RTIs/RTCs for dissemination.

5. Strengthening IA&AD's Regional Training Capability: Medium Term Plan.

Our training strategies are aimed at knowledge retention and transfer to the workplace, enabling employees to be more effective and acquire more skills. A holistic medium-term plan, for strengthening the IAAD's regional training capability and enhancing the effectiveness of RTIs, was approved by the CAG on August 22, 2014.

The upgradation programme involves modernizing the existing infrastructure, as well as creation of new infrastructure, such as training halls, EDP labs, hostels, administrative blocks etc.

Review of staff strength, more emphasis on Knowledge Centre activities, improving course content and organizing programmes based on assessed training needs, are other focus areas under the plan.

Under this programme, all the Regional Training Institutes have been upgraded during the years 2015-17. All goals set out in the medium term road map, related to qualitative improvements, such as adoption of best practices relating to training needs analysis, streamlining and standardization of procedures, faculty resources, impact assessment, structured training modules etc. have been implemented. All RTIs/RTCs have been/ are being equipped with top quality infrastructure and updated teaching equipment.

6. Performance Monitoring Framework:

The Medium Term Road Map for Strengthening the IA&AD's Regional Training Capability for enhancing the effectiveness of RTIs was successfully implemented during 2016-17. Considerable resources were allocated to the RTIs/RTCs for modernising and upgrading their infrastructure, as per the Roadmap. Other non-monetary interventions have also been introduced to enhance their effectiveness. The upgradation requires that a proper monitoring system be in place. A Performance Monitoring Framework (PMF), with quantitative parameters, was designed for RTIs/RTCs. The PMF envisages internalising and institutionalising excellence, by linking the internal processes of RTIs/RTCs to stakeholders' expectations, ensuring a quality learning environment and ensuring availability of necessary facilities, for effectively imparting training, as well as for functioning as knowledge centres. The PMF was introduced during 2016-17. The scores allotted by the institute and the stakeholders, were verified by Training Wing, by conducting physical inspections of the institutes.

7. Data Analytics in IAAD:

The IAAD Big Data Management Policy, adopted in September 2015, envisages building departmental competencies in Data Analytics. In line with this, a Centre for Data Management and Analytics (CDMA) was established in June 2016. Data Analytic groups were created in the field offices as core drivers of data analytic activities. The CDMA and the data analytic groups were provided with the necessary technical and physical infrastructure. Relevant external and third party datasets including the Census, NSSO were acquired for data analytic purposes.

'Statistics for Data Analytics' was introduced as a new topic in the syllabi for Officer Trainees and the SAS examination. A Structured Training Module on 'Data Analytics' was prepared and training programmes were organized in conjunction with the CDMA wing at various RTIs/RTCs for the members of the data analytic groups. 272 officials including 17 core faculty members from RTIS/RTCs were trained in these programmes. The participants were trained in KNIME, Tableau and Statistics for Data Analytics and were given a short introduction to R, as well as an overview of Hadoop.

The officers trained in the first phase of the training will facilitate the training programmes, to be conducted in the second phase, by acting as trainers. In the second phase, 660 officers from all the IAAD offices will be trained in data analytics. The training programmes will be held in selected RTIs/RTCs during 2017-18.

Around 26 topics were taken up as pilot projects during 2016-17. 14 projects have since been completed and repeatable models prepared, with other projects under progress.

8. Development of Case Studies:-

The Roadmap of the Training Wing, for strengthening IA&AD's training capabilities, envisages institutionalising the best practice of preparation of case studies. Case studies constitute powerful and practical tools of adult pedagogy. Analysing cases forces participants to grapple with real life scenarios, as opposed to the traditional education dynamic inherent in lectures, in which the facilitator dispenses knowledge and students passively receive it. 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 context of real issues.

The case study method is an integral part of adult learning pedagogy. Recognising this, the Training Wing, for the first time in the IAAD, conducted a Workshop on 'Preparation of Case Studies", at RTI, Mumbai, in conjunction with the Indian School of Business, Hyderabad and the Indian Institute of Management, Ahmedabad. The workshop was conducted in two modules. The first module was conducted in November 2016. 18 participants, core faculty members of RTIs/RTCs and one officer from the Training Wing, participated in the workshop.

These participants were divided into four groups, to prepare case studies on the following topics:

Group I - Ethics and Moral Values

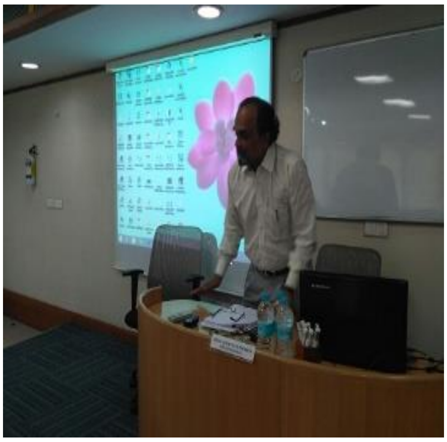
Group II - Business Process Re-Engineering

Group III - Gender Sensitization

Group IV - Cross Linking Of Data

The first module was facilitated by the Associate Director, Content Development & Learning, of the Indian School of Business, Hyderabad. The participants were introduced to the principles of writing case studies and leading discussions in case study analysis.

The second module was conducted in February 2017, where all groups presented their case studies, as they would in a classroom environment. Prof. Morris of the Indian Institute of Management (IIM), Ahmedabad, guided the participants on the quality of the case studies so developed, as well as their effectiveness in leading the case studies and discussions. The workshop was facilitated by Shri Venkatanathan, Director. Out of the four topics, three case studies were accepted and approved by the expert faculty from IIM, Ahmedabad. The case studies have been circulated to the RTIs/RTCs.



9. Designated Knowledge Centres:

The existing areas of specialization of the RTIs/RTCs as Knowledge Centres were reviewed, so as to include all new emerging areas of audit, as also to cover all major existing areas of audit and accounts, even though they may not have been assigned earlier to any RTIs/RTCs. Accordingly, the domain areas assigned to the RTIs/RTCs as Knowledge Centres have been revised as below:

Sl. No.	Name of RTIs/RTCs	Area of specialization
1.	RTI, Allahabad	Government Budget Government Accounts including GASAB

2.	RTI, Chennai	Financial Attest Audit of Government accounts i. Audit of Public Private Partnership in Infrastructure Projects ii. Audit of Autonomous Bodies
3.	RTI, Jammu	i. Defence Audit ii. Audit of Regulatory Bodies
4.	RTI, Jaipur	i. Social Sector Audit ii. Performance Audit iii. SPVs and Trusts/Societies implementing beneficiary oriented schemes
5.	RTI, Kolkata	i. Rural Local Bodies Audit ii. Railway Audit iii. Compliance Audit
6.	RTI, Mumbai	i. Corporate Governance ii. Corporate Finance iii. Commercial Audit iv. Financial Reporting (IPSAS)
7.	RTI, Nagpur	i. Audit of Fraud, Fraud Detection Techniques and Forensic Audit ii. Central Revenue Audit including Transfer Pricing
8.	RTI, Ranchi	i. State Revenues Audit ii. Public Works Audit
9.	RTI, Shillong	i. Certification Audit of Autonomous District Councils as per Financial Attest Audit Manual ii. Audit Quality Management Framework (AQMF)
10.	RTC, Bangalore	i. Information Technology ii. Information Technology Audit
11.	RTC, New Delhi	i. Public Debt ii. Public Procurement
12.	RTC, Hyderabad	i. Social Audit ii. Urban Local Bodies Audit

10. Career Milestone Training for IAAS Officers at institutions of repute:

The Mid Career Training Programme for Group 'A' officers was revised as per DoPT orders issued in May 2016. The revised MCTP consists of the following phases of training for IAAS Officers;

– The First phase of the MCTP is for officers of 7-9 years of service seniority, for a duration of four weeks, without any foreign component,

- The Second phase of the MCTP is for officers of 14-16 years of service seniority, for a duration of two weeks, with a one week foreign component. The balance two weeks, prescribed by the DoPT, are covered by the various technical programmes conducted at regular intervals.
- The Third phase of the MCTP is for officers at 26-28 years of service seniority, for a duration of two weeks, without any foreign component.

The following career milestone programmes for the year 2016-17 have been successfully completed and were well appreciated by participants:

- **Executive Development Programme for IAAS Officers with 6-8 years of service, at the Indian Institute of Management, Ahmedabad:**
  - The program objective is to enhance understanding of public policy and finance issues, strengthen analytical tools and enhance management acumen.
  - 30 officers received training under the Executive Development Programmes during 2016-17.
- **Management Development Programme for IAAS Officers with 15-16 years of service, at the Richard and Rhoda Goldman School of Public Policy, University of California, Berkeley & the Indian Institutes of Management, Ahmedabad:**
  - The program objective is to widen exposure and import technical inputs, strengthen analytical tools and to enhance management acumen, as well as interpersonal skills.
  - 22 officers received training under the Management Development Programme during 2016-17.
- **Advanced Management Development Programme for IAAS Officers with 25–28 years of service, at the Indian School of Business, Hyderabad:**
  - The programme objective is to widen exposure to multi-dimensional issues faced by senior managers, including policy development, performance management, organizational design, negotiation and leadership.
  - 15 officers received training under the Advanced Management Development Programme during 2016-17.

11. External Trainings for Group B officers

i) The OP Jindal Global University (JGU), Sonepet, Haryana (near Delhi), conducts three customised courses on Management, Public Finance and Public Policy.

During 2016-17, three batches of Group 'B' officers were sent on these five-day residential training programmes at the JGU. The courses are designed by the university, in close conjunction with the Training Wing and customised to our requirements.

ii) Senior Professional Course at NIFM, Faridabad

Six SAOs will be nominated to attend a training programme at the National Institute of Financial Management (NIFM), Faridabad. The programme includes a one week attachment with NIFM's partner institute in Europe.

12. In-house training programme for officers and staff posted in the CAG's Office

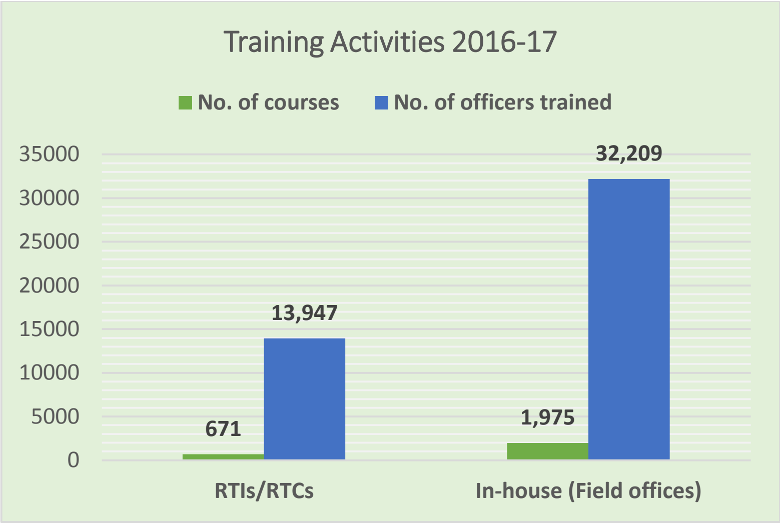
For the first time, the Training Wing initiated and conducted in-house training for SAOs/AOs/AAOs/PPS/PS/PA/Steno/Clerks/DEOs, posted in the CAG's office. During 2016-17, 134 officers and staff were trained in 8 training programmes.

The topics included:

- Refresher Course for PAs/PS/Stenos
- Refresher Course on Audit Evidence
- Course on IDEA Software
- Refresher Course on Development of Management Skills
- Course on MS EXCEL
- Refresher Course on Performance Audit
- Refresher Course on Audit Quality Management Framework
- Course on Audit in an IT Environment

13. Training Activities of RTIs/RTCs:

a) During 2016-17, RTIs/RTCs conducted 671 courses and trained 13,947 officers. In-house training centres in 133 Offices conducted 1,975 courses and trained 32,209 officers.



b) **Regular in-service training programmes at RTIs/RTCs for officers of IAAD include:**

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

14. Publications

a) iCED has compiled an e-journal “Green Files”, which incorporates inputs from various environmental audit reports. The journal has been widely appreciated, both - in the IA&AD and outside.

b) Various case studies have been published by the Regional Training Institutes. Some of the case studies are given below:

- Fraud Vulnerability in SAP Environment
- Fraud in Tuition Fee Payments
- Payment without Evidence for Carriage of earth
- Fraudulent Payment on Carriage of Material to Contractor - a Case Study
- Payment to Contractors on the Basis of Fictitious Measurement

Chapter 8

Seminars and Events

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

In order to fulfil 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 seminars, conferences and workshops.

Conferences and workshops organized during the year 2016-17 are discussed below:

28th Accountants General Conference, held during October 20-21, 2016

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

The twenty eighth Accountants General Conference was held on 20-21 October 2016, in the office of the Comptroller and Auditor General of India, New Delhi. The following themes were discussed during the Conference:

i. Auditing the programmes related to Sustainable Development Goals

ii. Meeting Challenges in Revenue Audit

iii. Impact of Integrated Financial Management System (IFMS) on Accounts & Entitlement (A&E) Functions

iv. Audit of Local Bodies: Perspectives & Concerns.

CAG of India, with all the Participants of the 28th Accountants General Conference - 2016

The Conference was inaugurated by the Hon'ble President of India, Shri Pranab Mukherjee. The Speaker, Lok Sabha and the Chairman, Public Accounts Committee, also graced the occasion with their presence.

Hon'ble President of India, Shri Pranab Mukherjee; Lok Sabha Speaker, Smt. Sumitra Mahajan; Chairman PAC, Shri K.V. Thomas; CAG of India, Shri Shashi Kant Sharma and Dy. CAG, Dr. Prasenjit Mukherjee

In his inaugural address, the Hon'ble President highlighted that Articles 148-151 of the Constitution empowered and entrusted the CAG with the job of auditor to the nation. He emphasized the close relationship between the PAC and the CAG's organization and suggested that audit observations not examined by the PAC, could be looked into by the Departmental Standing Committees.

Hon'ble President of India, Shri Pranab Mukherjee, addressing the Participants of the 28th Accountants General Conference - 2016

Smt. Sumitra Mahajan, Hon'ble Speaker, Lok Sabha, stated that the presence of a strong institutional framework, which includes a strong and independent oversight body like CAG, has played a very crucial role in our fast growing economic growth story. She highlighted the role of the CAG and Parliament in furthering accountability, adding that the synergy between the two must be capitalized upon, to improve the quality of governance and take our growth and development to even greater heights.

Shri K.V. Thomas, Hon'ble Chairman, Public Accounts Committee, highlighted the constraints related to action taken by the executive on audit findings. He also emphasized the need to strengthen accountability in case of infrastructure projects being executed under PPP model, suggesting that all PPP projects, irrespective of source of funding, be brought under the audit purview of the CAG.

One day Symposium on 'Public Auditing and Accounting: A Catalyst for Good Governance', held on 22 October 2016

A one-day Symposium, on 22 October 2016, followed the 28th Accountants General Conference. The central theme of the Symposium was **"Public Auditing and Accounting: A Catalyst for Good Governance."** The Symposium was inaugurated by the Hon'ble Prime Minister.

The Symposium featured panel discussions on three sub themes: (i) Emerging Areas in Audit (ii) Public Engagement with the institution of the CAG and (iii) Impact of e-Governance on auditing and accounting. These themes represented contemporary and emerging challenges, emanating from changes in the national environment, new initiatives in governance and growing public expectations in terms of delivery and impact of government programmes.

In his inaugural speech, the Hon'ble Prime Minister mentioned the importance of an outcome based approach in governance, as well as the role of technology and capacity building institutionalizing the knowledge base across verticals in the governance structure. He also stressed the need for an integrated approach to auditing, as a means to enabling audit to meaningfully act as an aid to governance.

Distinguished public policy analysts, senior civil servants and domain experts, took part in these panel discussions and provided their perspectives, to facilitate an exchange of ideas regarding the sub-themes. The eminent panelists comprised Shri U.K.Sinha, Chairman (SEBI); Shri Amitabh Kant, CEO, NITI Aayog; Ms. Arundhati Bhattacharya, Chairperson (SBI); Shri H.K.Dua, Sr. Journalist and Ex-Member of Parliament; Shri Amarjeet Sinha, Secretary, Ministry of Rural Development; Shri T.V. Mohandas Pai, Chairman, Manipal Global Education Services Pvt. Ltd; Shri R.Chandrasekhar, President NASSCOM; Shri Arvind Subramanian, Chief Economic Advisor; Shri Navin Kumar, Chairman GSTN; Dr. Arvind Panagariya, Vice-Chairman, NITI Aayog and Shri Ashok Lavasa, Finance Secretary.

The insights and views expressed by the panelists enabled an appreciation of different perspectives. A roadmap has been prepared for follow-up of the important recommendations arising from the Symposium.

A One-Day Panel Discussion on Goods and Services Tax (GST), held at Mumbai, on 3rd March, 2017

A Panel Discussion on Goods and Services Tax (GST) was conducted in the office of the Principal Director of Audit (Central), Mumbai, on 3 March 2017, to familiarise officers on the concept and basic framework of GST, enhance their knowledge level and equip them to meet new audit challenges in the changed environment.

Officers of CERA/ CRA; Heads of Department of the IA & AD in Mumbai; Principal Director (ST) from O/o the CAG of India; Members of the Audit Advisory Board; Chief Commissioner, Commissioner and Additional Commissioner of the Central Excise and Customs Department; Heads of professional institutions, such as the Western India Regional Council (WIRC) of ICAI, as well as Professionals on Accountancy and Law, participated in the discussion.

Participants of the Panel Discussion on Goods and Services Tax (GST), held at Mumbai

Details of the panelists are given below:

Topic	Name of Panelists
Model GST Law	1. Shri Piyusha Patnaik, Chief Commissioner (Service Tax) - Mumbai Zone 2. Shri Rajiv Kapoor, Commissioner of Customs (Appeals), Mumbai – III Zone

	3. Ms. M. Himabindu, Principal Director (ST) O/o the CAG of India 4. Shri Prashant Kumar, Addl. Commissioner, O/o the CCO, ST, Mumbai Zone
Concept of IGST - Location of Goods or Service and Place of Supply - Transaction flow and Distribution of Revenue between States and Centre.	1. CA Santosh Dalvi, Partner , KPMG 2. CA Venkatkrishnan, BSR Affiliates (KPMG) 3. Ms. M. Himabindu, Principal Director (ST), O/o the CAG of India
GSTN and its influence on audit environment	1. CA Shruthi Shah, Member, Western Indian Regional Council of ICAI 2. CA (Dr) Vishnu Kanhere, Founder VK. Kanhere and Company 3. Shri S.G.Narsimhan & Shri Charudatta Pande (Cost Accountants, Management Accounting Advisory Lead , R Nanabhoy and Company)
Audit aspect in GST Act *vis-à-vis* CAG's DPC Act, 1971	1. Prof. (Dr.) Bhavani Prasad Panda, Vice Chancellor, Maharashtra National Law University 2. Shri D.K. Sekar, Accountant General (Audit)-III, Maharashtra 3. Shri L. Badri Narayanan, Lawyer, Partner, Lakshmi Kumaran & Sridharan, Attorneys

The discussion provided an opportunity for our officers to interact with experts in the areas of taxation, accountancy and law. This initiative added value to the capacity building process in regard to GST.

A One-Day Panel Discussion on "Economic Valuation of Ecosystems and how National Parks are Engines of Economic Growth and Stimulants of Livelihood within their Zone of Influence", held at New Delhi on 10th March, 2017

A One-Day Panel Discussion on the "Economic Valuation of Ecosystems and how National Parks are Engines of Economic Growth and Stimulants of Livelihood within their Zone of Influence", was conducted in the office of the Comptroller and Auditor General of India, New Delhi, on 10th March, 2017.

The Panel was chaired by the CAG, and moderated by Shri Keshav Varma, Programme Director, Global Tiger Initiative, World Bank. Among the other speakers were: (i) Dr Rajesh Gopal, Secretary General, Global Tiger Forum (ii) Mr Robert Hugh Jones, Executive Vice President, Clemson University, (iii) Prof. Brett A Wright, Inaugural Dean, Clemson University, (iv) Prof. Timothy R Boosinger, DVM Vice President for Academic Affairs, Auburn University, Alabama, and (v) Prof Robert Fritz Baldwin, Clemson University, USA.

CAG of India, with the moderator of the Panel, Shri Keshav Varma, Programme Director, Global Tiger Initiative, and other Speakers

The subject of discussion was topical and relevant, particularly in view of environmental issues constituting one of the three legs of the tripod under Sustainable Development Growth, besides Development and Societal concerns.

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.

I CAG's Audit Advisory Board

An Audit Advisory Board, under the Chairmanship of the CAG of India, advises him in matters relating to audit and suggests improvements in the performance and focus of audit within the framework of the constitutional and statutory mandate of the CAG. It is one of the key instruments employed for enhancing leadership and direction in the IAAD and thereby improving audit quality. The members of the Board function in an honorary capacity. The Board consists of eminent persons in diverse fields, as also Deputy Comptroller and Auditors General and Additional Deputy Comptroller and Auditors General from the Department. The first Audit Advisory Board was constituted in 1999. Since then, the Board has been reconstituted seven times (2001, 2003, 2006, 2009, 2011, 2013 and 2015). The term of the eighth Board is up to 2 September 2017.

The Audit Advisory Board met on 7 April 2016 and 10 November 2016. During the two meetings; various issues, relating to climate change, environment degradation, river cleaning projects, compensation for land acquisition, social audit, use of Information Technology in Audit, Big Data Analytics, audit of local bodies, Integrated Financial Management System and audit of PPP projects, were deliberated upon.

II State Audit Advisory Boards

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

Audit Advisory Boards have been constituted in almost all States. State Audit Advisory Boards also meet twice a year and are reconstituted biennially. During the year, meetings of the Boards were held in almost all the states.

III Interaction with audited Entities

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

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

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

IV Interaction with Public Accounts Committee and Committee on Public Undertakings

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

In 2016-17, the Central PAC/COPU held 55 meetings and discussed 30 Paras/ Performance Audit Reviews, as summarized below:

Name of Wing	No. of Meetings of PAC/COPU held during the year 2016-17	No. of Paras/ Performance Audit Reviews discussed during the year 2016-17
Commercial	7	6
Defence & Communication	6	4
Railway	13	5
Report Central	13	7
Autonomous Bodies	9	4
CRA (INDT)	7	4
CRA (DT)	0	0
Total	**55**	**30**

The State PACs/COPU met on 708 occasions during the year 2016-17 and discussed 1,674 Paras/Performance Audit Reviews, as summarized below:

Name of Wing	No. of Meetings of PAC/COPU held during the year 2016-17	No. of Paras/Performance Audit Reviews discussed during the year 2016-17
Central Region	64	160
Eastern Region	64	694
Northern Region	197	191
North Eastern Region	91	180
Southern Region	89	117
Western Region	203	332
Total	**708**	**1674**

V Interaction with academic and professional institutions

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

VI Interaction with Media

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

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

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 and practices in the international community. The International Relations Division at Headquarters is responsible for interaction with International bodies, as well as audit of international organizations, as indicated below:

A. International Organization of Supreme Audit Institutions (INTOSAI)

B. Asian Organization of Supreme Audit Institutions (ASOSAI)

C. Global Working Group (now Global Audit Leadership Forum) and other international multilateral bodies

D. Bilateral relations with other SAIs

E. Audits of International Organizations

INTOSAI

The International Organization of Supreme Audit Institutions (INTOSAI) operates as an umbrella organization for the external government audit community. 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. At present, INTOSAI has 193 SAIs as its members. Besides, it has five Associate members including the World Bank. 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. Finance and Administrative Committee (FAC)

Involvement with INTOSAI

Our involvement with INTOSAI is at the following levels:

- The Comptroller and Auditor General of India is the chair of the INTOSAI Committee on Knowledge Sharing and Knowledge Services – Goal 3 (KSC) and its Steering Committee. By virtue of this, CAG is also a member of the Governing Board of INTOSAI. There are eleven Working Groups working under the umbrella of the KSC. The Working Groups are devoted to preparing guidance and best practices on audit of specialized areas. The KSC main committee today has 123 members and 2 observers. We also maintain the website of the Knowledge Sharing Committee www.intosaiksc.org.

- A Forum for INTOSAI's Professional Pronouncements (FIPP), established by the INTOSAI Goal Chairs, was accorded permanent status in the recently concluded INCOSAI. This forum will be responsible for the content and quality of professional pronouncement of INTOSAI. The FIPP is chaired by Ms. K. Ganga, DAI (CRA) and it has 15 other members from various SAIs.
- 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, by providing information and facilities for exchange of experiences, and encouraging bilateral and regional cooperation. Presently, WGITA has 46 members and four observers.
- The Comptroller & Auditor General of India has also taken over the responsibility of chairing the INTOSAI's Compliance Audit Sub-committee under Goal 1. This sub-committee was established in 2004, with the objective of developing and disseminating high quality, globally accepted standards and guidelines for compliance audit in the public sector.
- The Comptroller and Auditor General of India is a member of various INTOSAI Committees/Subcommittees/Working Groups/Task Forces.
- In order to facilitate continuous interaction in the INTOSAI community, SAI India, as the KSC chair, has developed an INTOSAI Community Portal (www.intosaicommunity.org), in collaboration with the INTOSAI Development Initiative, Norway (IDI). The portal has facilities like Community of Practice, Blogs, Chat Rooms, Library, Video Conferencing, Polls/survey, etc., to enable better communication and sharing of ideas amongst member SAIs.

Some major events of INTOSAI, involving the active participation of SAI-India, are discussed below.

25th Meeting of the INTOSAI Working Group on IT Audit (WGITA) and 8th Performance Auditing Seminar on IT Audit, Brasilia, 26 - 29 April 2016

The 25th meeting of the INTOSAI Working Group on IT Audit (WGITA) was held at Brasilia, Brazil, from 26 to 27 April, 2016, in conjunction with the 8th Performance Auditing Seminar from 28 to 29 April, 2016. The meeting was presided over by Ms. Ajanta Dayalan, Deputy Comptroller & Auditor General.

The meeting was inaugurated by Mr. Ministro Aroldo Cedraz de Oliveira, President, Brazilian Court of Accounts. The 25th meeting was attended by 55 delegates from 25 member countries.

Participants of 25th meeting of INTOSAI WGITA

The member SAIs presented their progress reports on the various projects and also presented country papers. The WGITA Work Plan 2017-2019 was finalized in the meeting and five projects were selected for the WGITA Work Plan.

UN ECOSOC's High Level Political Forum (HLPF) and 13th Meeting of Finance and Administrative Committee., Washington D.C., 20-22 July 2016

Participants of UN ECOSOC's high level political forum meeting

The Comptroller and Auditor General of India led the delegation, consisting of Director General (Internal Relations), Director of External Audit, UN Board of Auditors and Secretary to CAG, for the UN ECOSOC's high level political forum meeting. In the meeting, CAG delivered a speech on the theme "The Contribution of Supreme Audit Institutions to ensuring that no one is left behind in the implementation of SDGs", highlighting the unique position of SAI India in contributing towards the implementation of Sustainable Development Goals from three perspectives: (i) As the National Auditor of India (ii) As Chair of the Knowledge Sharing Committee of INTOSAI and (iii) As member of UN Board of

Auditors. CAG also highlighted the various initiatives taken by SAI India under each of these roles. The meeting was also attended by the Secretary General for Economic and Social Affairs, United Nations, Permanent Representative to United Nations of Austria and United Arab Emirates.

The 13th Finance and Administrative Committee (FAC) meeting held discussions on the Revised INTOSAI Statutes and creation of a new working group on Big Data. Substantive discussions were also held on the Key Performance Indicators under the new Strategic Plan (2017-22).

8th INTOSAI Steering Committee meeting of the Knowledge Sharing Committee (KSC) Mexico City, Mexico, 7-9 September, 2016

The 8th INTOSAI Steering Committee meeting of the Knowledge Sharing Committee (KSC) was held in Mexico City, from 7 to 9 September 2016. The meeting was chaired by Shri H. Pradeep Rao, on behalf of CAG, the KSC Chair.

Participants of 8th INTOSAI Steering Committee meeting of the Knowledge Sharing Committee (KSC)

In addition to approval of the KSC Work Plan 2017-22, six ISSAIs/INTOSAI GOV and other documents for endorsement of the XXII INCOSAI were approved in the meeting. It was also decided to create a new Working Group on Big Data, to be chaired by CNAO China under KSC. SAI-Indonesia will be hosting the next KSC-Steering Committee meeting at Bali, Indonesia, in 2017.

3rd meeting of the INTOSAI Forum for INTOSAI Professional Pronouncements (FIPP), New Delhi, India, 26-30 September 2016

The third meeting of FIPP was held at New Delhi, India, from 26 to 30 September, 2016. It was attended by 16 delegates. FIPP finalised its Strategic Development Plan, including the classification principles and key projects for approval by the Governing Board and the INCOSAI (through PSC). The meeting was chaired by Ms. K. Ganga, FIPP Chair and Dy. C&AG.

Participants of Third meeting of FIPP with CAG of India

Annual meeting of the INTOSAI Capacity Building Committee and 9th INTOSAI Donor Steering Committee, Cape Town, South Africa, 3-6 October 2016

An annual meeting of the INTOSAI Capacity Building Committee and a meeting of the INTOSAI Donor Steering Committee was held at Cape Town, South Africa, from 3 to 6 October, 2016.

Participants of INTOSAI Capacity Building Committee and a meeting of the INTOSAI Donor Steering Committee

CAG led the Indian delegation. Discussions were held on the themes - "Maximising SAI cooperation in support of capacity" and "Maximising the benefits of the SAI PMF in support of SAI capacity development". In conjunction, a meeting of the INTOSAI Goal Chairs was also held on the sidelines.

17th INTOSAI Working Group on Environmental Auditing (WGEA) Assembly meeting, Jakarta, Indonesia, 24 -27 October, 2016

The 17th INTOSAI Working Group on Environmental Auditing (WGEA) Assembly meeting was held at Jakarta, Indonesia, from 24 - 27 October 2016. SAI India was represented by Sh. S.S. Dadhe, Director General, iCED.

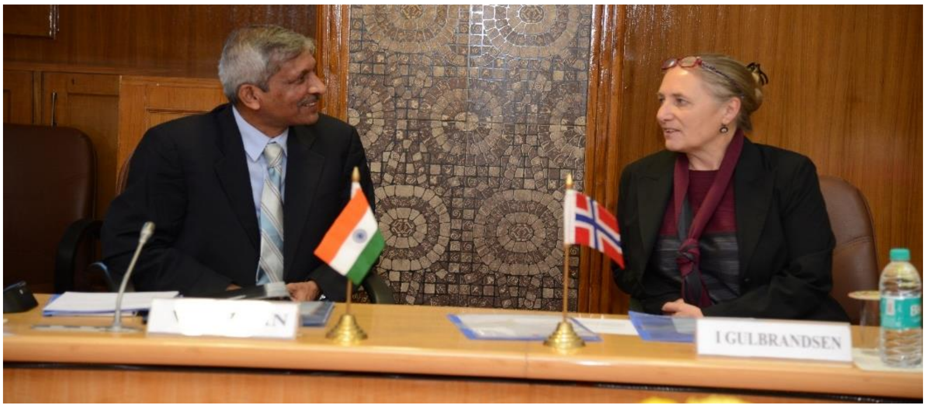
Participants of 17th INTOSAI Working Group on Environmental Auditing (WGEA) Assembly

This meeting was attended by 115 participants, representing SAIs of 48 countries, European Court of Auditors (ECA), INTOSAI Working Group on Extractive Industries (WGEI), Australian National University (ANU), Convention on Biological Diversity (CBD), UN Department of Economic and Social affairs (UN DESA), UN Environment Programme (UNEP) and UN Framework Convention on Climate Change (UN FCCC).

The agenda for the meeting included *interalia* approval of the INTOSAI WGEA Work Plan 2017-2019 and discussions/presentations on 8 themes.

Taking over of Chairmanship of Compliance Audit Subcommittee from SAI Norway, New Delhi, 28-29 November 2016

The INTOSAI Governing Board, in its 67th meeting at Abu Dhabi, approved the proposal of change in the Chairmanship of the Compliance Audit Sub-Committee (CAS), from SAI Norway to SAI India. Accordingly, representatives of SAI Norway visited the CAG office, New Delhi, on 28 and 29 November 2016, to handover the chairmanship of the CAS to SAI India and signed the handover note with the representatives of SAI India.



Mr. V. Kurian, Director General, with a delegate from SAI Norway

XXII INCOSAI Abu Dhabi, United Arab Emirates, 5-11 December 2016

The Comptroller and Auditor General of India, led the SAI-India delegation to the XXII INCOSAI-2016, held at Abu Dhabi, United Arab Emirates, from 5 to 11 December, 2016.

Participants of XXII INCOSAI at UAE

The Comptroller and Auditor General of India, as Chair of the Knowledge Sharing and Knowledge Services (KSC) - Goal 3, presented the activity report of KSC for the year 2014-16, as also the Work Plan 2017-2019 (which is aligned with the Strategic Plan 2017-2022). The Congress also adopted six ISSAI/INTOSAI GOVs developed by various working groups/task force under KSC. The Congress also approved formation of the new Working Group on Big Data and transformation of the Task Force on Procurement Audit to the Working Group on Procurement Audit.

In line with the revised INTOSAI Statutes, CAG, as Chair of KSC Goal-3, was also made member of the INTOSAI Governing Board.

14th meeting of Compliance Audit Subcommittee (CAS), New Delhi, India, 20-21 February 2017

The INTOSAI Compliance Audit Subcommittee (CAS) is chaired by SAI India. SAI India hosted the 14th meeting of the CAS in New Delhi, on 20-21 February, 2017. It was attended by nine SAI members, apart from one observer - AFROSAI (E) and IDI. The meeting discussed and adopted the CAS Work Plan for 2017-2019 for submission to PSC/FIPP.

Participants of the 14th meeting of CAS with Dr. P. Mukherjee, Dy. C&AG

The Work Plan includes the following two projects:

Project I - Preparing Supplementary Compliance Audit Guidance, to help SAIs implement the new ISSAI 4000.

Project II - Associating with other Committees, as subject matter experts, in projects of relevance to the CAS, scheduled to be carried out as part of Priority 2 of the SDP of the FIPP.

Fourth meeting of the forum for INTOSAI Professional Pronouncement (FIPP), Luxembourg City, Luxembourg, 20-23 February 2017

The 4th meeting of the FIPP was held in Luxembourg, at the European Court of Auditors, from 20 to 23 February, 2017. Ms. K. Ganga, Deputy Comptroller and Auditor General, Chair FIPP, attended the meeting. Thirteen out of fifteen members, along with the PSC observer from SAI Brazil, attended the meeting.

The role of FIIP in the INTOSAI due process; implementation of the Strategic Development Plan (SDP) and FIPP's action plan for priority Projects in SDP; Documentation of FIIP internal procedures- such as its Communication Policy and Working Procedures; FIPP guidance, such as Drafting Conventions for GUIDS; and Frequently Asked Questions, were discussed at the meeting.

Participants of the 4th meeting of FIPP with Ms. K. Ganga, Dy. C&AG and Chair FIPP

ASOSAI

The Asian Organization of Supreme Audit Institutions (ASOSAI), established in 1978, is one of the seven regional working groups of INTOSAI. It became functional in 1979, with its first assembly in New Delhi. India is a charter member of the ASOSAI. Its present membership stands at 46.

The objectives of ASOSAI are:

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

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

As the editor of ASOSAI Journal of Government Audit, we publish the ASOSAI Journal twice a year. The material for the ASOSAI journal is contributed by member SAIs. The journal made a transition in 2015 and adopted a theme-based approach. The journal was converted into an e-journal in April 2016. The last issue of the e-Journal (October 2016), on the theme of "Leveraging Technology for Enhancing Public Audits", has been uploaded. The journal is hosted on the website www.asosaijournal.org.

Some major events of ASOSAI, involving the active participation of SAI-India, are discussed below:

6th Seminar on Environmental Auditing and 5th Working Meeting of ASOSAI WGEA, iCED Jaipur, 17-19 September 2016

The Seminar on Environmental Auditing and the Working Meeting of the ASOSAI Working Group on Environmental Auditing (WGEA), are held once in two years, to share knowledge and experiences on environmental auditing, between the Supreme Audit Institutions (SAIs) of ASOSAI.

Participants of the 6th Seminar on Environmental Auditing and 5th Working Meeting of ASOSAI with Ms. Rita Mitra, Dy. C&AG

The Comptroller & Auditor General of India hosted the 6th Seminar on Environmental Auditing and 5th Working Meeting of ASOSAI Working Group on Environmental Audit from 17 to 19 October, 2016, at the International Centre for Environmental Auditing and Sustainable Development (iCED), Jaipur.

Forty Nine delegates from ASOSAI member SAIs, representative from AFROSAI and from the Department of Economic and Social Affairs, United Nations (UNDESA), participated in the seminar. The themes for the Seminar were: (i) Audit on the implementation of environmental policy and (ii) SAI’s role in promoting national sustainable development.

The 51st ASOSAI Governing Board Meeting, Bali, Indonesia, 13-14 February 2017

The 51st ASOSAI Governing Board Meeting (GBM) was held in Bali, Indonesia, on 13-14 February, 2017. A total number of 69 delegates (Governing Board and

Audit Committee member SAIs, as well as Observers) participated in the meeting and discussed key agendas for the ASOSAI.

Members of Governing Board and Audit Committee of ASOSAI

A delegation, headed by the C&AG of India participated in 51st GBM. The other members of the delegation were Shri Anadi Misra, Secretary to C&AG and Ms. Atoorva Sinha, Director (IR).

The 51st GBM adopted the reports on regular agendas, which include: the ASOSAI financial statement for FY 2016, formulation of the multi-year budget plan for 2018-2020, revised budget plan for 2017, Evaluation for the 2016 Annual Operational Plan, the 2017 Annual Operational Plan, ASOSAI e-Journal, and capacity development activities.

Global Audit Leadership Forum (Formerly known as Global Working Group), Durnstein, Austria, 23-24 May 2016

The Global Audit Leadership Forum (GALF), a group of nineteen Auditors' General (including the Comptroller and Auditor General of India), meets annually for organized, yet informal, discussions, on current and emerging issues of concern to their Governments and officers, and for exploring opportunities to share information and work closely.

The 3rd GALF meeting was held at Durnstein, Austria, from 23 to 24 May 2016. The main theme of the meeting was **"Audit for Sustainable Development: Preconditions for and impact of SAIs"**. The Comptroller and Auditor General of India was represented by Mr. Rakesh Jain, Deputy Comptroller and Auditor General (RC/LB) in the above meeting.

The next GALF meeting would be held at Copenhagen, Denmark, from 17-19 May, 2017, on the themes (i) Monitoring the quality of Audit Reports and (ii) Strategic Planning.

First Meeting of BRICS SAI Leaders, Beijing, China, 24 June 2016

The first meeting of BRICS SAI leaders took place in Beijing, on 24th June 2016. The meeting discussed areas of potential cooperation and collaboration in various fields of common interest, with a view to providing value to their respective Governments, in pushing forward economic and social development.

CAG of India and other participants of first meeting of BRICS SAI leaders

BRICS SAI leaders agreed to constitute a working-level group to further discuss and take forward the proposals of cooperation in specific fields. A memorandum of understanding on cooperation in field of public auditing will also be signed by the BRICS SAIs at an appropriate time. It was also decided to take turns to hold the leaders meeting every two years.

At another function held in Nanjing on the sidelines of this meeting, CAG was conferred with the Honorary Professorship of the National Audit University of China.

XXIII Conference of Commonwealth Auditors General, New Delhi, 21-23 March 2017

The XXIII Conference of Commonwealth Auditors General was hosted by Comptroller and Auditor General of India, in New Delhi, from 21-23 March 2017. The three day Conference was attended by 74 delegates from 36 countries, including 25 heads of SAIs. The Conference held discussions under the main theme ***"Fostering Partnerships for Capacity Development in Public Audit"***, in the context of the two sub-themes, namely, ***"Leveraging technology in public audit"*** and **"*Environment audit: A Commonwealth perspective*".**

Participants of XXIII Conference of Commonwealth Auditors General

The sub-theme discussions were chaired by Prof. Mussa Juma Assad, Controller & Auditor General of Tanzania and Mr. Michael Ferguson, Auditor General of Canada, respectively. Keynote addresses on the two sub-themes were delivered by SAI South Africa and SAI Australia respectively. SAIs of Cayman Islands, Kenya, Malaysia, Pakistan and United Kingdom presented country papers on their experiences in the use of Information technology in audits, whereas SAIs of Bangladesh, Cameroon, Malaysia, Pakistan and Zambia shared their experiences in environment audit. SAI India made video presentations on the Data analytics in SAI India and SAI India's perspective on Environment Audit.

The final result statement of the conference is available at http://cagc2017.org/wp-content/uploads/2017/03/ResultStatement-.pdf

Bilateral Relations with other SAIs

Presently, we have MoUs with 16 Supreme Audit Institutions *viz.* Afghanistan, China, Bhutan, Brazil, Kuwait, Maldives, Mongolia, Oman, Poland, Venezuela, Russia, South Africa, Cambodia, Vietnam, Iran and Ukraine and a Letter of Exchange with SAI Bangladesh for cooperation in the field of Revenue, Environment and IT audit. Regular bilateral exchanges, such as training programmes, secondments, workshops, etc., are held with the SAIs of China, Kuwait and Poland. Important bilateral meetings organized by SAI India in India and partner SAIs in their countries are mentioned below:

16th Indo-Polish Seminar Warsaw, Poland, 8-12 October 2016

The 16th Indo-Polish Seminar on "State Budget Execution Audit – methodology of the audit, analysis of the monetary guidelines and the approval for the government" was held at Warsaw, Poland, from 8-12 October 2016. The seminar was attended by a three member Indian delegation, headed by Dr. P. Mukherjee, Deputy Comptroller & Auditor General.

23rd Indo-China Seminar, New Delhi, 14-15 October 2016

The 23rd Indo-China seminar on "Environment Auditing" was held at New Delhi, from October 14-15, 2016. The seminar was attended by four delegates from the National Audit Office of People's Republic of China (CNAO), headed by Ms. Qin Boyong, Deputy Auditor General and the Indian delegation was headed by Mr. Rakesh Jain, Dy. Comptroller and Auditor General.

Participants of 23rd Indo-China seminar with CAG of India and DG (IR)

The two sides discussed various aspects of Environment Auditing and shared their experiences in this regard.

8th Joint Indo-Kuwait Seminar, Kuwait, 7–10 November 2016

The 8th Indo-Kuwait Seminar on the "Role of Supreme Audit Institutions in Good Governance" was held at Kuwait, from November 7-10, 2016. The seminar was attended by a three-member Indian delegation, headed by Shri Ashwini Attri, Additional Dy. Comptroller and Auditor General.

Visit of delegation from National Audit Office of China, 21-23 December 2016

A four-member delegation, headed by Mr. Chen Dashi, Director General from CNAO, China, visited HQs office, from 21 to 23 December, 2016, for studying SAI India's overseas investment audit experiences.

The delegation met with Dr. P. Mukherjee, Dy. C&AG and Sh. H.P. Rao, Dy. C&AG (Commercial). The delegation also discussed various issues related to overseas investment audit with Sh. V. Ravindran, Director General (RC), Sh. V. Kurian, Director General (Commercial) and Ms. Parveen Mehta, Director General (Training).

Dr. P. Mukherjee, Dy. C&AG and Head of the delegation from CNAO, China

Visit of delegation from SAI Zambia, 16-20 January 2017

A four-member delegation, headed by Mr. George Chiti Mumba, Head of Procurement and Supplies Division, SAI Zambia, visited India, for a study tour, from 16-20 January 2017. The purpose of the visit was to learn from SAI India's experience on the development of training modules and management of training institutions. The delegation visited our international institutes - iCISA, NOIDA and iCED, Jaipur - to have an insight in the management of training institutes. The delegation also met Dr. P. Mukherjee, Dy. C&AG, at the C&AG Headquarters office.

Dr. P. Mukherjee, Dy. C&AG, DG (Training) and DG (IR) with delegation from SAI Zambia

Meeting of the Controller and Auditor General of Tanzania with the Comptroller & Auditor General of India, 24 January 2017

Prof. Mussa J Assad, Controller and Auditor General of Tanzania, met the C&AG, on 24th January 2017, at Headquarters office. The purpose of this meeting was to explore areas of bilateral cooperation in the field of public audit.

CAG of India and Prof. Mussa J Assad, Controller and Auditor General of Tanzania

Visit of Chairperson of Philippines Commission on Audit, 30-31 March 2017

A delegation, headed by Mr. Michael G. Aguinaldo, Chairperson of Philippines Commission on Audit, visited India from 30-31 March 2017.

Mr. Michael G. Aguinaldo, Chairperson, SAI Philippines met the CAG of India

During the visit, the Chairperson met the C&AG of India at the Headquarters office and also visited our international training centers, *i.e.* the International Center for Information Systems and Audit (iCISA) at NOIDA and the International Center for Environment Audit and Sustainable Development (iCED) at Jaipur. The purpose of the visit was to learn from SAI India's experience on the establishment and management of training centers.

UN and UN Agencies

CAG is a member of the UN Board of Auditors (Board) for the period July 2014 to June 2020. UK (Germany w.e.f July 2016) & Tanzania 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 organisations:

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

CAG is external auditor of the World Intellectual Property Organisation (WIPO) for a period of six years from 2012.

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

UN Board of Auditors and UN Panel of External Auditors Meetings, New York USA, 26 July 2016 and 16-22 November 2016

The Comptroller & Auditor General of India attended the 70th Regular Session (2016) of the UN Board of Auditors, held on 26 July 2016.

During the period from 16 to 22 November 2016, C&AG of India, along with his delegation, also attended the Technical Group meeting, the Panel of External Auditors session and the UN Board of Auditors meeting at New York, USA. India, as Chair of the Working Group, made a presentation on 'New Reporting Requirements' in these meetings.

The Comptroller & Auditor General of India has taken over as the Chairman of the UN Board of Auditors, with effect from 1 January 2017, for a period of two years upto 31 December 2018.

CAG met the UN Secretary General, Mr. Antonio Guterres, at UN HQs, on 26 January 2017

Shri Shashi Kant Sharma, Comptroller and Auditor General of India, in his capacity as Chair of the United Nations Board of Auditors, met the new UN Secretary General, Mr. Antonio Guterres, on 26th January 2017, in the UN Headquarters, at New York. During the meeting, CAG assured the Secretary General of the continued support of the Board of Auditors in maintaining and enhancing transparency and accountability in the UN.

CAG of India with UN Secretary General

C&AG briefed the Secretary General on the major audit focus areas identified for the current year and certain important issues emanating from the previous audit reports of the Board of Auditors. Shri Shashi Kant Sharma informed Mr. Guterres that the Board of Auditors will focus on implementation of Sustainable Development Goals (SDGs) in various UN organizations as a cross-cutting theme. Mr. Guterres appreciated the work done by the Board in enhancing accountability and transparency in the UN and also assured his fullest cooperation to the Board of Auditors. During his visit, Shri Sharma also met Ms. Inga Rhonda King, Chair of the Administrative and Budgetary Committee of the General Assembly (popularly known as fifth committee) and Mr. Carlos G. Ruiz Massieu, Chair of the Advisory Committee on Administrative and Budgetary Questions. These two committees are important oversight bodies of the UN system, which deliberate on the work of Board of Auditors and recommend action to the General Assembly.

Annex I

Organizational Chart as on 31 March 2017

Comptroller and Auditor General of India

Secy. to CAG

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

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

Annex II

As on 31 March 2017

OFFICES OF THE INDIAN AUDIT & ACCOUNTS DEPARTMENT

I	**Audit Offices - Union and Union Territories**
A.	**Civil**
1.	Director General of Audit, Central Expenditure, New Delhi
2.	Principal Director of Audit, Economic & Service Ministries, New Delhi
3.	Principal Director of Audit, Scientific Departments, New Delhi
4.	Principal Director of Audit, Central , Ahmedabad
5.	Principal Director of Audit, Central, Bengaluru
6.	Director General of Audit, Central, Chandigarh
7.	Director General of Audit, Central, Chennai
8.	Principal Director of Audit, Central, Hyderabad
9.	Director General of Audit, Central, Kolkata
10.	Principal Director of Audit, Central, Lucknow
11.	Director General of Audit, Central, Mumbai
12.	Director General of Audit, Central Receipt, New Delhi

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

B.	**Defence**
1.	Director General of Audit, Defence Services, New Delhi
2.	Pr. Director of Audit, Defence Services, Chandigarh
3.	Pr. Director of Audit, Defence Services, Pune
4.	Pr. Director of Audit, Air Force, New Delhi
5.	Principal Director of Audit, Navy, Mumbai
6.	Pr. Director of Audit, Ordnance Factories, Kolkata
C.	**Post & Telecommunication**
1.	Director General of Audit, Post & Telecommunications, Delhi
D.	**Railways**
1.	Pr. Director of Audit, North Central Railway, Allahabad
2.	Pr. Director of Audit, East coast Railway, Bhubaneswar
3.	Pr. Director of Audit, South East Central Railway, Bilaspur
4.	Pr. Director of Audit, Southern Railway, Chennai
5.	Pr. Director of Audit, North Eastern Railway, Gorakhpur
6.	Pr. Director of Audit, Northeast Frontier Railway, Guwahati
7.	Pr. Director of Audit, East Central Railway, Hajipur (Bihar)
8.	Pr. Director of Audit, South Western Railway, Hubli, Bengaluru
9.	Pr. Director of Audit, West Central Railway, Jabalpur
10.	Pr. Director of Audit, North Western Railway, Jaipur
11.	Pr. Director of Audit, Eastern Railway, Kolkata
12.	Pr. Director of Audit, South Eastern Railway, Kolkata
13.	Pr. Director of Audit, Railway Production Units & Metro Railway, Kolkata
14.	Pr. Director of Audit, Central Railway, Mumbai
15.	Pr. Director of Audit, Western Railway, Mumbai
16.	Pr. Director of Audit, Northern Railway, New Delhi
17.	Pr. Director of Audit, Railway -Commercial, New Delhi
18.	Pr. Director of Audit, South Central Railway, Secunderabad
E.	**Commercial**
1.	Pr. Director of Commercial Audit & Ex-Officio Member Audit Board, Bengaluru
2.	Pr. Director of Commercial Audit & Ex-Officio Member Audit Board, Chennai

3.	Pr. Director of Commercial Audit & Ex-Officio Member Audit Board, Hyderabad
4.	Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board-I, Kolkata
5.	Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board-II, Kolkata
6.	Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board-I, Mumbai
7.	Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board-II, Mumbai
8.	Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board-I, New Delhi
9.	Pr. Director of Commercial Audit & Ex-Officio Member Audit Board-II, New Delhi
10.	Pr. Director of Commercial Audit & Ex-Officio Member Audit Board-III, New Delhi
11.	Pr. Director of Commercial Audit & Ex-Officio Member Audit Board-IV, New Delhi
12.	Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board, Ranchi
F.	**Overseas**
1.	Pr. Director of Audit, London
2.	Pr. Director of Audit, Washington DC
3.	Pr. Director of Audit, Kuala Lumpur, Malaysia
II	**External Audit Offices**
1.	Director of External Audit, Rome, Italy *(closed in July 2016)*
2.	Director of External Audit, New York (set up in June 2014)
III	**Audit Offices-States**
1.	Pr. Accountant General (G&SSA), Andhra Pradesh, Hyderabad
2.	Accountant General (E&RSA), Andhra Pradesh, Hyderabad
3.	Accountant General, Arunachal Pradesh, Itanagar
4.	Accountant General (Audit), Assam, Guwahati
5.	Accountant General (Audit), Bihar, Patna
6.	Accountant General (Audit), Chhattisgarh, Raipur
7.	Accountant General, Goa, Goa
8.	Accountant General (E&RSA), Gujarat, Ahmedabad
9.	Accountant General (G&SSA), Gujarat, Rajkot
10.	Pr. Accountant General (Audit), Haryana, Chandigarh
11.	Pr. Accountant General (Audit), Himachal Pradesh, Shimla
12.	Pr. Accountant General (Audit), Jammu & Kashmir, Srinagar
13.	Pr. Accountant General (Audit), Jharkhand, Ranchi

14. Pr. Accountant General (G&SSA), Karnataka, Bengaluru
15. Pr. Accountant General (E&RSA), Karnataka, Bengaluru
16. Pr. Accountant General (G&SSA), Kerala, Thiruvananthapuram
17. Accountant General (E&RSA), Kerala, Thiruvananthapuram
18. Pr. Accountant General (G&SSA), Madhya Pradesh, Gwalior
19. Accountant General (E&RSA), Madhya Pradesh, Bhopal
20. Pr. Accountant General (Audit)-I, Maharashtra, Mumbai
21. Accountant General (Audit)-II, Maharashtra Nagpur
22. Pr. Accountant General (Audit)-III, Maharashtra, Mumbai
23. Accountant General (Audit), Manipur, Imphal
24. Pr. Accountant General (Audit), Meghalaya, Shillong
25. Pr. Accountant General (Audit), Mizoram, Aizawl
26. Accountant General (Audit), Nagaland, Kohima
27. Pr. Accountant General (Audit), Delhi, New Delhi
28. Accountant General (G&SSA), Odisha, Bhubaneswar
29. Pr. Accountant General (E&RSA), Odisha, Bhubaneswar
30. Accountant General (Audit), Punjab, Chandigarh
31. Pr. Accountant General (G&SSA), Rajasthan, Jaipur
32. Accountant General (E&RSA), Rajasthan, Jaipur
33. Pr. Accountant General (Audit), Sikkim, Gangtok
34. Pr. Accountant General (G&SSA), Tamil Nadu & Puducherry, Chennai
35. Pr. Accountant General (E&RSA), Tamil Nadu, Chennai
36. Accountant General (Audit), Tripura, Agartala
37. Pr. Accountant General (G&SSA), Uttar Pradesh, Allahabad
38. Accountant General (E&RSA), Uttar Pradesh, Lucknow
39. Accountant General (Audit), Uttarakhand, Dehradun
40. Pr. Accountant General (G&SSA), West Bengal, Kolkata
41. Accountant General (E&RSA), West Bengal, Kolkata

IV Accounts and Entitlement Offices – States

1. Pr. Accountant General (A&E), Andhra Pradesh, Hyderabad
2. Pr. Accountant General (A&E), Assam, Guwahati

3. Accountant General (A&E), Bihar, Patna
4. Accountant General (A&E), Chhattisgarh, Raipur
5. Accountant General (A&E), Gujarat, Rajkot
6. Pr. Accountant General (A&E), Haryana, Chandigarh
7. Accountant General (A&E), Himachal Pradesh, Shimla
8. Accountant General (A&E), Jammu & Kashmir, Srinagar
9. Accountant General (A&E), Jharkhand, Ranchi
10. Pr. Accountant General (A&E), Karnataka, Bengaluru
11. Pr. Accountant General (A&E), Kerala, Thiruvananthapuram
12. Pr. Accountant General (A&E)-I, Madhya Pradesh, Gwalior
13. Accountant General (A&E)-II, Madhya Pradesh, Gwalior
14. Pr. Accountant General (A&E)-I, Maharashtra, Mumbai
15. Accountant General (A&E)-II, Maharashtra, Nagpur
16. Accountant General (A&E), Manipur, Imphal
17. Accountant General (A&E), Meghalaya, Shillong
18. Accountant General (A& E), Nagaland, Kohima
19. Pr. Accountant General (A&E), Odisha, Bhubaneswar
20. Pr. Accountant General (A&E), Punjab, Chandigarh
21. Pr. Accountant General (A&E), Rajasthan, Jaipur
22. Sr. Dy. Accountant General (A&E), Sikkim, Gangtok
23. Pr. Accountant General (A&E), Tamil Nadu, Chennai
24. Accountant General (A&E), Tripura, Agartala
25. Accountant General (A&E)-I, Uttar Pradesh, Allahabad
26. Accountant General (A&E)-II, Uttar Pradesh, Allahabad
27. Pr. Accountant General (A&E), Uttarakhand, Dehradun
28. Accountant General (A&E), West Bengal, Kolkata

V Training Institutes

1. Director General, National Academy of Audit & Accounts, Shimla
2. Director General, International Centre for Information Systems & Audit, Noida (UP)
3. Director General, Internal Centre for Environment Audit & Sustainable Development, Jaipur

4. Principal Director, Regional Training Institute, Allahabad
5. Principal Director, Regional Training Institute, Chennai
6. Principal Director, Regional Training Institute, Jaipur
7. Principal Director, Regional Training Institute, Jammu
8. Principal Director, Regional Training Institute, Kolkata
9. Principal Director, Regional Training Institute, Mumbai
10. Principal Director, Regional Training Institute, Nagpur
11. Principal Director, Regional Training Institute, Ranchi
12. Principal Director, Regional Training Institute, Shillong
13. Regional Training Centre, Bengaluru@
14. Regional Training Centre, Hyderabad@@
15. Regional Training Centre, New Delhi@@@

@Under the charge of AG (A&E), Karnataka, Bengaluru
@@ Under the charge of PAG (G&SSA), Andhra Pradesh & Telangana, Hyderabad
@@@Under the charge of Director General of Audit, Central Expenditure, New Delhi