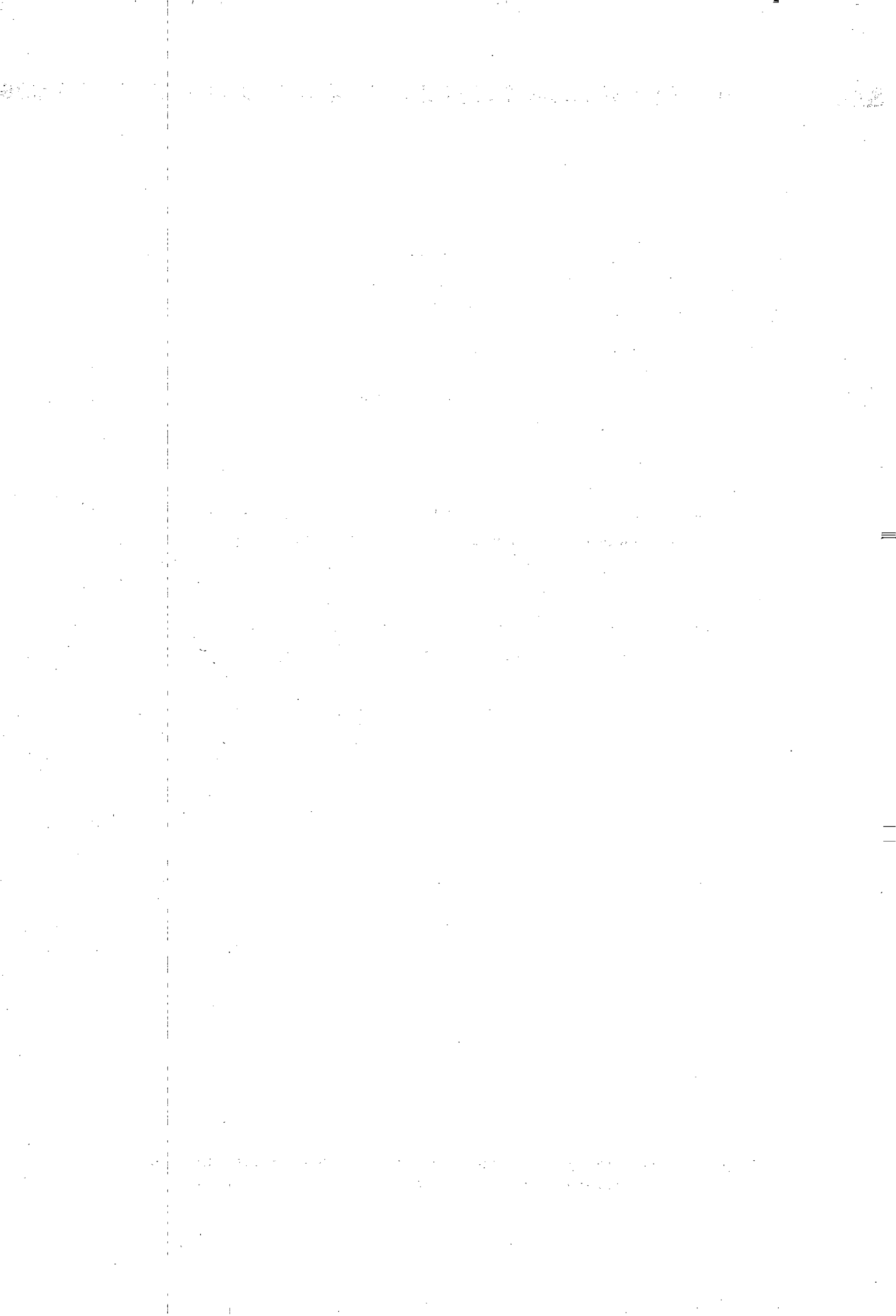


**COMPTROLLER & AUDITOR GENERAL OF INDIA'S  
PERFORMANCE REPORT  
2012-13**





### From the Comptroller & Auditor General of India's desk

It gives me great pleasure to present the Performance Report of Indian Audit and Accounts Department for the year 2012-13. This report reflects both our performance and the value and benefits of the Supreme Audit Institution (SAI) of India to external stakeholders.

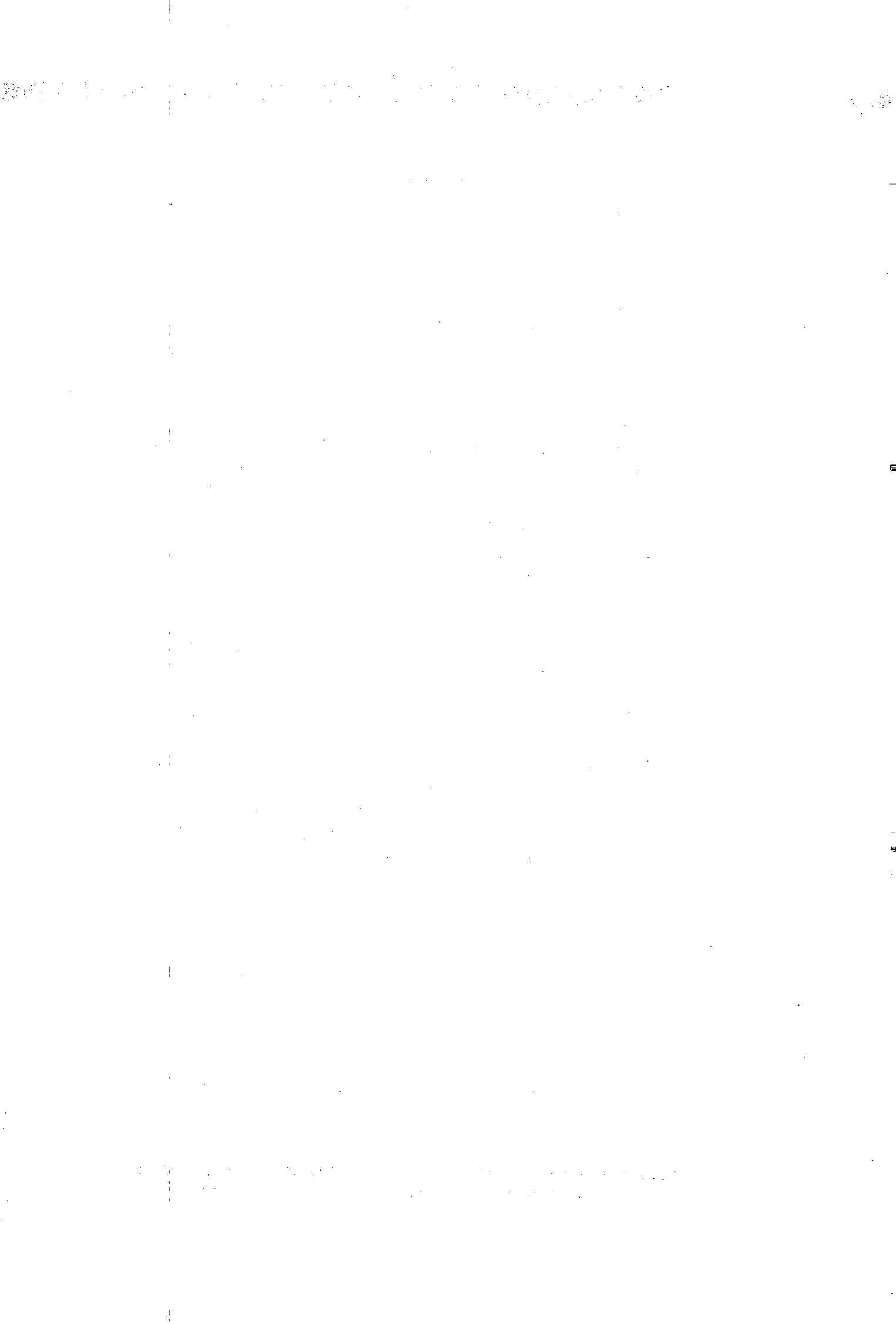
The need for transparency and accountability is sharply felt in every sphere of public life. As Supreme Audit Institution we believe in leading by example and have prepared a Code of Ethics to provide clear guidance on standard of behaviour expected from the members of Indian Audit and Accounts Department.

We continuously engage with our stakeholders through the mechanisms of Audit Advisory Boards, Seminars, Workshops etc. As part of our relational strategy, we sensitize the executive about audit findings. SAI India is an active member of INTOSAI and ASOSAI. Our role as External Auditor of UN Agencies was also appreciated by the stakeholders. This report highlights our participation in activities of INTOSAI and ASOSAI and efforts of interaction with the stakeholders.

I hope this report will help the Legislature, Executive, the members of INTOSAI and ASOSAI and other stakeholders in appreciation of role performed by the institution of CAG.

(Shashi Kant Sharma)

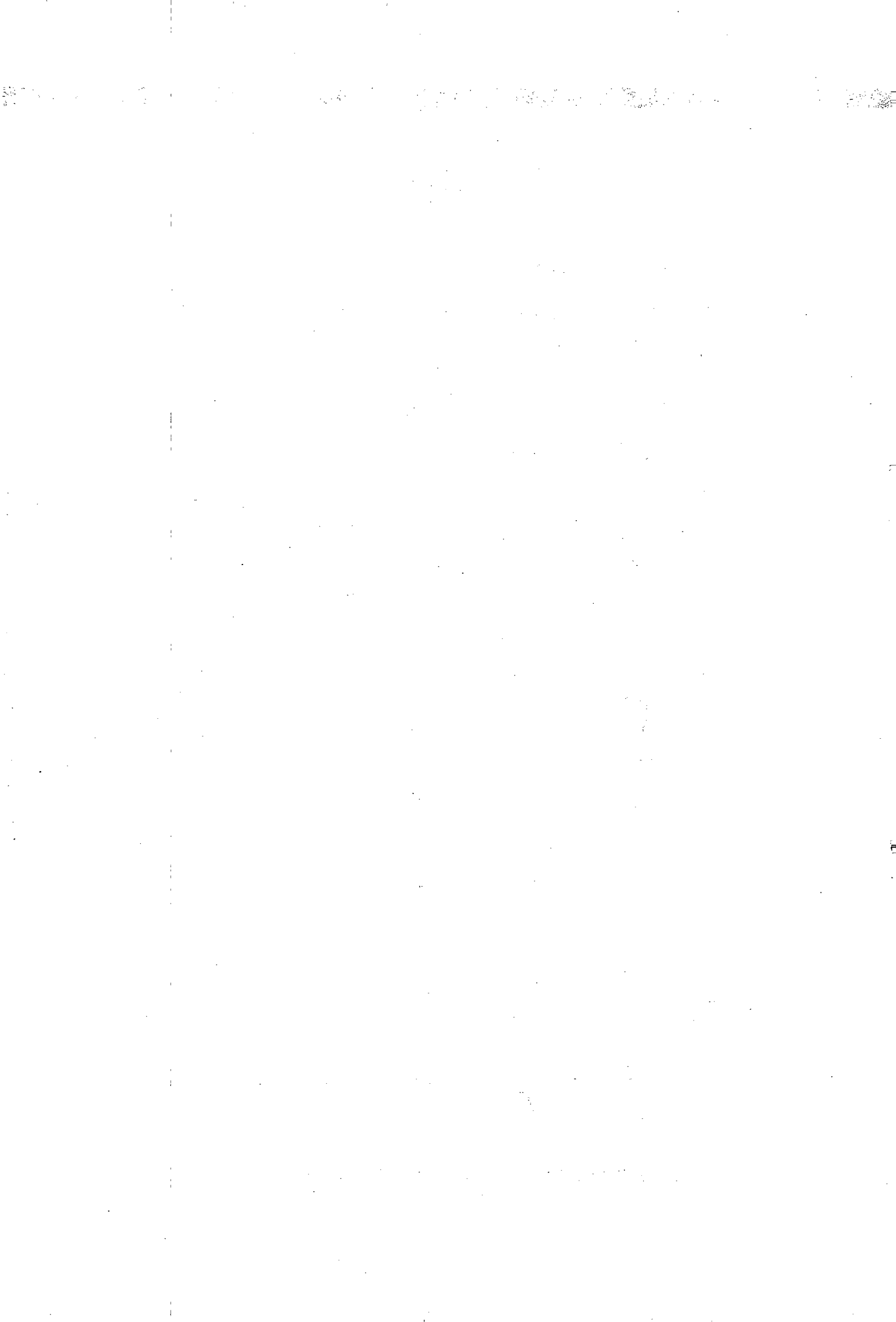
Comptroller & Auditor General of India





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## Performance Highlights

### I. About the Performance Report

This report aims to meet accountability requirements by reporting on evaluation and follow up on our own performance as well as the impact of our audit and the use of SAI resources.

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

- The CAG of India derives his mandate from the Constitution
- The CAG's DPC Act, specifies the audit jurisdiction at the Union and State level covering both receipts and expenditure.
- The CAG's DPC Act 1971 also provides for compilation and presentation of accounts of the State Governments by the CAG.
- The CAG of India discharges his duties through the IAAD. The CAG's office located in New Delhi is the headquarters of IAAD. It is supported by 133 field offices spread across India and five overseas offices.

### III. Key Results in Audit

- We audited 50,738 units covering 98.28 per cent and 91.11 per cent of planned audits at Union and State level, respectively during the year.
- We issued 47,595 Inspection Reports during 2012-13.
- We issued 138 audit reports during 2012-13. These include 198 Performance Audit products. We made 1,516 recommendations to our audited entities at Union and State level. Of these, 454 recommendations (29.95 per cent) were accepted by the audited entities.



- We certified 5,551 accounts of Union and State Governments, PSUs, Autonomous Bodies, Externally Aided Projects and others. Out of these, 84.98 *per cent* certificates were issued on time.
- The Government accepted 14.42 *per cent* of recoveries pointed out by Audit (₹ 2,51,220 crore). Of these, ₹ 5537 crore were actually recovered, which is more than double of total budget of IA&AD of ₹ 2649.07 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.
- The Government issued necessary directions, orders etc. and changed accounting policies on the basis of audit observations.
- We are yet to receive 11,133 Action Taken Notes on Audit Reports from previous years at Union and State Level as on 31 March 2013.

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

- We finalized 4,48,050 pension and revision cases during 2012-13.
- We carried out 98.77 *per cent* of the planned treasury inspections. State Government accepted 83.29 *per cent* of the recommendations made by us.
- We issued 96.39 *per cent* account slips to GPF account holders on time during the year.

#### V. Professional Standards and Quality Management

- Three Indian Government Accounting Standards (IGAS) were notified by Government of India by March 2013. Two IGASs and four IGFRSs (Indian Government Financial Reporting Standard) were under consideration of the Government of India.





- We adopted Code of Ethics keeping in view the international best practices to provide clear guidance on standards of behaviour expected from the members of Indian Audit and Accounts Department.
- DG (Inspection) inspected 21 field offices of IA&AD as a measure of internal control mechanism. 39 *per cent* of the recommendations made in the Inspection Reports were implemented.
- As a measure of quality assurance, we commissioned an International Peer Review. Peer Review Team considered the following as good practices followed by SAI India:
  - Long term strategic planning
  - Audit Advisory Boards
  - Network of training facilities
  - Alternate report presentation i.e. Colourful Noddy Books

## VI. Resource Management

- We spent ₹ 2649.07 crore in 2012–2013.
- Optimal staffing in the field offices continued to be the main focus of the HR strategy.
- Of the 46,936 people working in IAAD, 88 *per cent* directly added value to our core activities.
- Our RTIs trained 12,066 persons during the year.

## VII. Seminars and Events

- XXVI Accountants General Conference a biennial event and a forum for senior functionaries of the Indian Audit & Accounts Department was held on 8<sup>th</sup> to 10<sup>th</sup> October 2012.



- A seminar on Performance Reporting for Urban Local Bodies was organised in September 2012.
- A workshop on experience sharing on all India Performance Audit of MGNREGS was held on 7 January 2013.
- A Workshop on "Audit of Public Procurement Transactions and Competition Law" was organized on 7 December 2012 in collaboration with Competition Commission of India

### VIII. Our Interaction with Key Stakeholders

- Audit Advisory Boards are constituted at Union and State levels.

### IX. Our International Participation and Contributions

- SAI India is a key player in the international auditing organisations like INTOSAI and ASOSAI. CAG is a member of INTOSAI and Chairman of ASOSAI. He chairs INTOSAI Working Group on IT audit and its Knowledge Sharing Committee.
- CAG is chair of UN panel for external auditors and the external auditor for five UN organizations (WFP, IMO, WIPO, IAEA and UNWTO)
- SAI-India hosted the 12<sup>th</sup> meeting of the Steering Committee of INTOSAI Working Group on Environmental Auditing (WGEA) and meeting of the Sub-Committee of Global Training Facility (GTF) at Jaipur, India from 2<sup>nd</sup> to 6<sup>th</sup> October, 2012.



## Chapter 1

### About this Performance Report

The Comptroller and Auditor General of India is an office created by the Constitution of India and entrusted with the responsibility of audit of accounts of the Union and States. It is expected to promote accountability and transparency in public activities.

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 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,
- the 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 organisation to encourage emulation within and outside the IAAD.



## Chapter 2

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

#### I Who are we?

The concept and establishment of audit is inherent in public financial administration as management of public funds represents a trust. Audit is not an end in itself but an indispensable part of a regulatory system whose aim is to reveal deviations from the accepted standards, and violation of the principles. The Constitution of India has mandated the Comptroller & Auditor General of India (also known as the Supreme Audit Institution in the international context) as auditor of the nation. We are an instrument in ensuring accountability of the executive to the legislature. The Comptroller & Auditor General of India (CAG) and the Indian Audit and Accounts Department (IAAD) functioning under him, constitute the Supreme Audit Institution of India. Senior functionaries of the SAI representing the CAG in the States are called Principal Accountants General/Accountants General.

In the Indian system of governance, Parliament/ State Legislature authorizes the budget which prescribes how Government will collect money through taxes and how much and for what purposes. There are also financial rules to ensure standards of propriety, regularity and probity in managing public funds. The 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 and 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 Central and State Governments and also compiles the accounts of the State Governments.

Role of the Comptroller and Auditor General assumes greater significance in view of the federal multiparty democracy where Governments both at Union and States are responsible for implementation of large number of schemes involving huge



resources. There has been a paradigm shift in public financial management in the country in recent past with focus on public private partnerships for delivery of public services and larger devolution of funds through direct transfers to third tier of government or NGOs. Civil society is emerging as a major stakeholder.

## 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, 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; details may be set out in legislation.

The Constitution of India provides for a Comptroller and Auditor General. Independence of the CAG from the executive branch of the Government of India and State Governments is inherent in Article 148 of the Constitution which imbues



the CAG with immunity from executive action accorded to a Supreme Court Judge (making him independent of the Executive as well as the Legislature). Articles 149 and 150 define his 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 Parliament or State Legislature.

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

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

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

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

The CAG's Duties, Powers and Conditions of Service (DPC) Act 1971 promulgated in exercise of powers conferred by the Constitution provides for compilation of accounts by the CAG. Besides compiling 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 accounts. While compiling accounts of State Governments from the subsidiary accounts submitted by treasuries and other officers of the State Governments, we do not just mechanically total up incomes and expenditures but act as financial advisors. 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.

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



## V Our Audit Mandate<sup>2</sup>

The audit mandate of the CAG is defined in the CAG's DPC Act 1971. As per the provisions of the Act, 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 in trust e.g. small savings, deposits in lieu of services and obligations (called Public Accounts) at Central as well as State levels;
- All trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts kept in any Government Department;
- All stores and stock accounts of all Government offices and Departments;
- Accounts of all Government companies, *e.g.* ONGC, SAIL, *etc.*;
- Accounts of all statutory corporations and bodies that provide for audit of their accounts by CAG, *e.g.*, Food Corporation of India;
- Accounts of all autonomous bodies and authorities substantially financed from Government money *e.g.* Panchayati Raj Institutions, Urban Local Bodies, Universities, Indian Institutes of Management, Indian Institutes of Technology, State Health Societies, *etc.*
- The CAG may also agree to special audit engagements outside his mandatory commitments. Such engagements ordinarily relate to accounts of bodies involving substantial investment of public funds and may be accepted either on request of the President/ Governor or own initiative; and
- The CAG has also been entrusted the role of providing technical guidance and support to local fund auditors in certain states.

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<sup>2</sup> Section 13, 14, 15, 16, 17, 19, 20 of CAG's DPC Act 1971



## 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 50 *per cent*.

## VII Our Powers

In carrying out the above mentioned duties, the CAG has powers<sup>3</sup> to:

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

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

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

In 2007, under section 23 of the CAG's DPC Act, we have issued 'Regulations on Audit and Accounts' which define in detail the scope, manner, and extent of auditing and accounting mandate of SAI India.

**Powers to make rules:** CAG of India has powers to make rules in relation to maintenance of accounts by Union and State Government Departments and treasuries.

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<sup>3</sup> Section 18,21,22,23, & 24 of CAG's DPC Act 1971





## VIII We conduct different types of Audit

Our audit mandate as per the DPC Act, specifies the entities that come within our audit purview at the Union and State level. However, the audit scope and extent, the methodology and approach to be adopted by the CAG in conducting audit of these entities, is at the discretion of the CAG. We conduct three types of audit in the entities audited by us.



### 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 these are:



- intra vires of 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 wastage, misuse, mismanagement, errors, frauds and other irregularities (Adequacy);
- clear and free from ambiguity and promote observance of probity in decision making (Transparency);
- effect and achieve the intended objectives and aims (Effectiveness).

### VIII B Financial Audit

Financial audit is primarily concerned with expression of 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 organisation, programme or scheme operates economically, efficiently and effectively. Performance audit assesses:

- **Economy** – Economy is minimizing the cost of resources used for an activity, having regard to appropriate quality. Economy issues focus on the cost of the inputs and processes.
- **Efficiency** – Efficiency is the relationship between the output, in terms of goods, services or other results and the resources used to produce them. Efficiency exists where the use of financial, human, physical and information resources is such that output is maximized for any given set of



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

- **Effectiveness** – Effectiveness is 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 whether the scheme, programme or organisation has achieved its objectives.

### IX Our Audit Process

The audit process at the SAI level and the individual audit office level follows these stages.





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



**Strategic Audit Plans** are developed in accordance with the strategic direction that CAG 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 of the CAG 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 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.

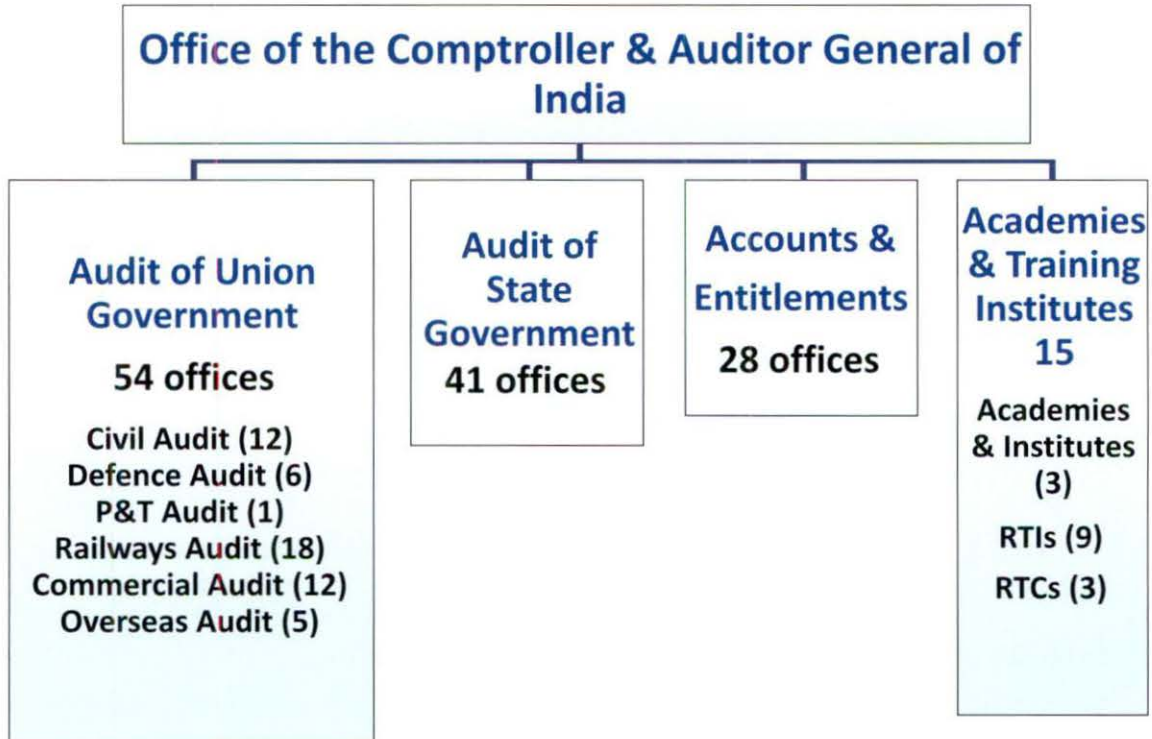
On completion of an audit, a report is issued to the audited entity, popularly known as Inspection Report. Audit Findings of high value or the ones that may have a significant impact are further refined and vetted for inclusion in the Audit Reports published at Union and State level.

The audited entities and Ministries 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 Committee (PAC) and Committee on Public Undertakings (COPU) meetings. Compliance with audit observations and recommendations is also examined and reported upon during subsequent audits.

The Audit Committee is yet another mechanism employed for follow up of audit. The Audit Committees consisting of officials from the audited entity and IAAD are formed at Union and State level to monitor the follow up process, to bridge our perception gaps and to increase levels of communication besides discussing and settling outstanding audit observations largely pertaining to the Inspection Reports.

## **X Our Organisation**

The Comptroller and Auditor General of India discharges his duties through the Indian Audit and Accounts Department. The Department consists of approximately 47000 employees. The CAG's office located in New Delhi is the headquarters of IAAD. It is supported by 133 field offices spread across India and five offices located abroad.



## XI The CAG Office

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 the SAI, India. It also sets the policies, auditing standards and systems and does 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, etc. These divisions are headed by the Deputy/ Additional Deputy Comptroller and Auditor Generals reporting directly to the CAG. They are assisted by Directors General, Principal Directors and Directors, who are all senior level managers. Organization chart of 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 throughout the country. These offices are responsible for actually carrying out the audit and accounts mandate of the CAG. The types of field offices in the Department are discussed below:

- **Offices of the Director Generals /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 and 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** headed by Principal Directors in Washington, London and Kuala Lumpur audit embassies and other Government establishments in each region. Office of PDA in Rome is responsible for auditing World Food Program and office of PDA in Geneva audits the World Health Organization, the UN Agencies for which SAI India is the external Auditor. The office of PDA in Geneva was closed in July 2012.

- **Offices of the Principal Accountants General/ Accountants General (Audit)** in every State are responsible for audit of all receipts and expenditure

Category	
Audit Offices (Union Govt.)	
Civil	12
Defence	6
P&T	1
Railway	18
Commercial	12
Overseas	5
Total - Audit Offices (Union Govt.)	<b>54</b>
Audit Offices for Audit of State Accounts	41
State Accounts and Entitlement Offices	28
National level Institutions/ Regional Training Institutes/ Regional Training Centre	15
<b>Grand Total</b>	<b>138</b>



of the State Government, audit of Government companies, corporations and autonomous bodies in the State as well as local bodies. There are 41 such Audit offices in India.

- **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.
- Three national level Institutions, nine Regional Training Institutes and three Regional Training Centres are engaged in capacity building of officers and staff in IAAD.
- A list of the offices is placed at Annex II of this report.

### **XIII Restructuring of Audit Offices**

Taking forward the recommendations of the XXV<sup>th</sup> Accountants General Conference, the Strategic Plan 2020 has recommended organizational restructuring as one of the tools for facilitating integration of audit efforts and presentation of a sector based perspective to the government audit. The restructuring of audit offices was made effective from 2 April 2012.

The principles underlying restructuring were:

**Sectoral Integration:** Transition from a function based audit approach to a Department/ Ministry and a sector based approach both at Headquarters as well as in field offices.

**Vertical Integration:** Audit of Ministry/ Department, Government offices, Autonomous Bodies and Public Sector Undertakings under the Ministry/ Department to be conducted by a single office (or group of offices) both in case of Union and State Governments.

**Segregation of Audit of Union from State Audit:** All audit activities pertaining to Government of India are under the charge of Deputy CAGs (DAI) and all state level audit functions with Additional Deputy CAGs (ADAI) with regional supervisory responsibilities. Only audit of Central Government funds that are transferred to states and expended through state implementing agencies continue to be with state audit offices.

**Minimal Reporting lines:** To do away with multiple reporting lines for State Audit offices, the supervision of all audit activities in a state were integrated under one ADAI i.e. there is a single ADAI for all AsG (Audit) in a state.





#### XIV Key features of restructuring

##### XIVA Audit of Union Government

- To ensure vertical integration of Ministries/ PSUs/ Autonomous Bodies in respect of Union Government, restructuring has been carried out both at the level of Headquarters and field offices. Sectoral profiling in respect of Union Government at the HQ level is summarized below.

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

- Field offices auditing Central 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), Director General/ 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 eight branch offices in various cities with effect from 2 April 2012. These nine offices and eight branch offices deal with audit of receipts and expenditure of Central Government.

##### XIVB Audit of State Governments

- All audit activities in the States *i.e.* Civil Audit, Commercial Audit, Receipt Audit, Audit of State Autonomous Bodies and also Local Bodies are coordinated and supervised by the ADAIs under their regional charge. Distribution of states among ADAIs is given below:



ADAI - CR	ADAI - ER	ADAI - NER	ADAI - NR	ADAI - WR
Bihar	Andhra Pradesh	Arunachal Pradesh	Delhi	Goa
Chhattisgarh	Odisha	Assam	Haryana	Gujarat
Jharkhand	Puducherry	Manipur	Himachal Pradesh	Karnataka
Madhya Pradesh	Tamil Nadu	Meghalaya	Jammu & Kashmir	Kerala
Uttar Pradesh	West Bengal	Mizoram	Punjab	Maharashtra
		Nagaland	Uttarakhand	Rajasthan
		Sikkim		
		Tripura		

- There are two State Audit offices in 10 States<sup>4</sup>, i.e., Principal Accountant General (Social and General Sector) and Principal Accountant General (Economic and Revenue Sector), with effect from 2 April 2012. In case of Maharashtra, the distribution of jurisdiction among Principal Accountant Generals is more on geographical basis. In case of other states, where there is only one Accountant General office, distribution of jurisdiction among the Group officers was done on 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 centrally sponsored schemes where State agencies are the implementing agencies will continue to be done by State Accountants General.

## XV Audit Advisory Board

An Audit Advisory Board is set up under the Chairmanship of CAG to advise him on matters relating to audit and suggest improvements in the performance and focus

<sup>4</sup> Andhra Pradesh, Gujarat, Karnataka, Kerala, Madhya Pradesh, Odisha, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal



of audit within the framework of the constitutional mandate of the CAG. It includes highly qualified individuals and professionals from diverse fields. It is a reflection of our openness to external advice and has been identified as a good practice by the International Peer review Team. The members of the Board function in an honorary capacity. The Board consists of eminent persons in diverse fields and DAIs from the Department. The constitution of the Board for the biennium 2011-13 was as under:

<b>Shri Vinod Rai</b> Comptroller and Auditor General of India	<b>Ex-officio Chairman</b>
<b>Ms. Shailaja Chandra</b> Former Chief Secretary, Delhi	<b>Member</b>
<b>Shri. T. Sethumadhavan</b> Public Finance Consultant	<b>Member</b>
<b>Shri. Pratap Bhanu Mehta</b> President, Center for Policy Research, New Delhi	<b>Member</b>
<b>Dr. A. K. Shiva Kumar</b> Adviser, UNICEF, New Delhi	<b>Member</b>
<b>Ms. Rohini Nilekani</b> Chairperson, Arghyam	<b>Member</b>
<b>Ms. Kalpana Morparia</b> Chief Executive Officer, JP Morgan India Pvt. Ltd., Mumbai	<b>Member</b>
<b>Ms. Sunita Narain</b> Director General, Center for Science and Environment, New Delhi	<b>Member</b>
<b>Shri K. V. Kamath</b> Chairman, ICICI Bank, Mumbai	<b>Member</b>
<b>Ms. Shabana Azmi</b> Social Activist	<b>Member</b>
<b>Shri Pradeep Kumar</b> Central Vigilance Commissioner	<b>Member</b>
<b>CA Subodh Kumar Agrawal</b> President, The Institute of Chartered Accountants of India	<b>Member</b>



<b>Deputy Comptroller and Auditor General</b>	<b>Ex-officio Member</b>
<b>Deputy Comptroller and Auditor General (Report Central)</b>	<b>Ex-officio Member</b>
<b>Deputy Comptroller and Auditor General (Commercial)</b>	<b>Ex-officio Member</b>
<b>Deputy Comptroller and Auditor General (Government Accounts &amp; Central Revenue Audit)</b>	<b>Ex-officio Member</b>
<b>Deputy Comptroller and Auditor General (Defence, Communication &amp; Railways)</b>	<b>Ex-officio Member</b>
<b>Director General (SMU)</b>	<b>Ex-officio Secretary to the Board</b>

The Audit Advisory Board met twice during the year 2012-13, *i.e.*, on 9 November 2012 and 21 March 2013. The Board deliberated upon the issues related to Strategic Audit plan 2012-17, significant findings of some Performance Audits, audit methodologies, and Strategic Plan of International Centre for Environment and Sustainable Development.

Audit Advisory Boards in the states have been constituted 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. The Audit Advisory Boards have been constituted in all states. The Boards are reconstituted every two years.



## Chapter 3

### Key Results and Achievements – Audit

In Indian Audit & Accounts Department (IA&AD), we strive to promote accountability, transparency and good governance by providing an independent audit assurance on financial and performance management in Government and Public Sector. IA&AD is continuously introducing new initiatives in the form of innovative auditing practices based on the prescribed auditing standards and guidelines for improved auditing results. Key functional areas of the department are audit of various audited entities under Central Government, State Governments, Local Bodies, Autonomous Bodies, Public Sector Units etc.

ISSAI 20 envisages that the SAIs initiate and conduct audit and issue the relevant reports in a timely manner. They should produce an audit report as a key output of each audit. Inspection Reports (IRs), Audit Reports and Audit Certificates are the main outputs of the audit process. Ensuring the quality and timeliness of these products is a key result area of IA&AD.

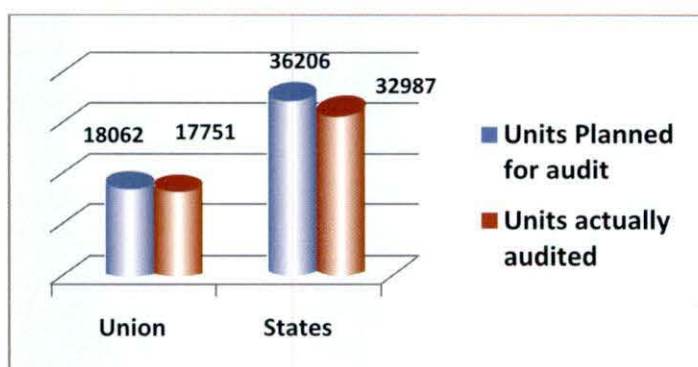
#### I Compliance, Performance, Financial Attest Audit and Audit Reports

Audit offices of IA & AD plan performance, financial and compliance audits each year on the basis of mandatory requirements, significance of issues, risk assessment and available manpower resources.

##### IA Compliance Audit:

##### (i) Audit Coverage

A total of 50,738 units were audited during 2012-13. The graph below shows that 98.28 per cent of the planned audits at the Union level and 91.11 per cent of the audits planned at the State level were completed. Audit offices also audited sanctions, vouchers and contracts as per the audit norms set for the respective offices.



**(ii) Inspection Reports**

Inspection reports are the primary products of audit. On completion of audit of every audited entity an inspection report elaborating the audit observations is issued to the Head of the audited entity. We issued 47,595 inspection reports during 2012-13.

At the Union level 72.02 per cent of the inspection reports were issued on time. At the State level, the on-time performance was 73.63 per cent.

	Inspection Reports issued	Inspection Reports issued within in 30 days	Percentage of IRs issued within 30 days
<b>Union</b>	17512	12613	72.02
<b>State</b>	30083	22150	73.63
<b>Total</b>	47595	34763	73.04

**(iii) Observations made by audit during compliance audit:**

The observations made by audit during compliance audit are compiled and issued to the respective Ministry/Corporation/Company as Compliance Audit Report. During 2012-13, 1,793 paragraphs, other than those designated as performance audits were included in the compliance reports. Out of the 175 observations made 18 audit paras were accepted and 14 audit paras were partially accepted by the audited entities at the Union level. At the State level, 1,618 audit paras were included in the compliance reports out of which 571 were accepted and 261 audit paras were partially accepted by the audited entities.

**IB Performance Audit**

The CAG approved 198 performance audit products during 2012-13 covering various issues across the sectors. The table below indicates the details at Union and State level.

	Audit Products
<b>Union Level</b>	<b>18</b>
<b>State Level</b>	<b>180</b>
<b>Total</b>	<b>198</b>



## IC Financial Attest Audit

Comptroller and Auditor General's DPC Act (1971) provides for audit of expenditure and receipts of the Union and State Governments, Autonomous Bodies and Public Sector Undertakings by the CAG of India. In addition, we are also expected to certify the expenditure incurred on externally aided projects.

We certified 5,551 accounts of Union and State Governments, PSUs, Autonomous Bodies, externally aided projects and others. 4,717 certificates were issued within the prescribed time frame.

	Accounts certified	On time Certification
<b>Union Government</b>	492*	312*
<b>State Government</b>	60**	60**
<b>PSUs</b>	1,236	865
<b>Autonomous Bodies</b>	511	396
<b>Externally Aided Projects</b>	183	94
<b>Others</b>	3069	2990
<b>Total</b>	<b>5,551</b>	<b>4717 (84.98 per cent)</b>

\* Includes grants of Civil Ministries, Railways, P&T and Defence

\*\* Refers to Finance and Appropriation Accounts of States

Delays in receipt of accounts from the audited entity, delays in receipt of replies to audit observations and non availability of staff were some of the reasons for delayed certification of accounts.

## ID Audit Reports

The audit process involves preparing a report to communicate the results of audit. 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 138 audit reports (including standalone performance audit Reports) during 2012-13, out of which 132 were submitted to the Parliament and the State Legislature.



	No. of Reports prepared during the year	No. of Reports presented
Union Government	24	24*
State Governments & Union Territories	114	108 <sup>@</sup>

\* 2 Reports were submitted to Parliament after 31.3.2013

<sup>@</sup> 61 Reports were submitted to State Legislatures after 31.3.2013. Six Reports of West Bengal are yet to be placed before the State Legislature.

## II Our Audit Impact

### IIA Recoveries at Instance of Audit

Some of our audit observations point towards underassessment of taxes or specific loss to the exchequer. This necessitates recoveries from the concerned parties by the Executive. Recoveries at the instance of audit during 2012-13 are indicated below:

(₹ in crore)

	Recoveries pointed out	Recoveries accepted	Recoveries effected
Union Government	21155.75	8544.88	2593.24
State Governments	230063.83	27674.32	2943.8
Total	251219.58	36219.2	5537.04

The audited entities accepted about 14.42 *per cent* of the recoveries pointed by audit. The Government recovered ₹5537.04 crore as a result of audit which is only about 2.2 *per cent* of the amount pointed out for recovery during the year. Interestingly, recoveries at the instance of audit were more than double of the total budget of Indian Audit and Accounts Department.

### IIB Performance Audit

The CAG approved 198 performance audit products during 2012-13. We made 1,516 recommendations to our audited entities at Union and State level. Of these 454 recommendations (29.95 *per cent*) were accepted by the audited entities. The table below indicates the details at Union and State level.





	Audit Products	Recommendations made	Recommendations accepted
Union Level	18	235	67 (28.51 per cent)
State Level	180	1,281	387 (30.21 per cent)
Total	198	1,516	454(29.95 per cent)

### IIC Financial Impact of 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. The corrections made as a result of three phase audit of companies and corporations at the Union level are given in the table below:

	No. of Companies	₹ in Crore
<b>Accounting Policies/Notes to Accounts/Classification Mistakes, etc.</b>		
a) Impact on Accounting Policy	9	461.30
b) Amendment to Notes to the Accounts	25	2134.33
c) Classification mistakes	26	9,462.42
<b>Total</b>	<b>60</b>	<b>12,058.05</b>
<b>Impact on Transactions commented</b>		
(a) Profit	47	4,342.83
(b) Loss	10	379.23
(c) Assets	36	1,719.85
(d) Liabilities	41	1,633.41
<b>Total</b>	<b>134</b>	<b>8,075.32</b>

### V Major Audit Findings

As a result of our audit we pointed out several instances of deviation from rules, regulation; deficiencies in planning and implementation of schemes, lack of coordination among various agencies etc.

**VA Report No.1 for the financial year 2010-11 on Union Finances**

Significant findings appearing in the report are listed below:

**(i) Breach of Article 114(3) of the Constitution of India – Expenditure incurred on interest on refunds of taxes.**

An expenditure on interest on refunds on income tax amounting to ₹ 10,499 crore was incurred by the Central Board of Direct Taxes, without authorisation of the Parliament in the year 2010-11. A total expenditure of ₹ 37,365 crore on interest payments had been incurred over the last five years without obtaining approval of the Parliament through necessary appropriations.

Based on this audit observation, the Public Accounts Committee (PAC) after a detailed examination of the matter tabled its 66th Report in February 2013 on the subject.

**(ii) Augmentation of provisions to object-heads – Grants in Aid and subsidy without legislative approval.**

In 29 cases across a number of grants, funds aggregating ₹ 1634.34 crore were augmented through re-appropriation by various Ministries / Departments during the year 2010-11 without obtaining prior approval of Parliament, as was necessary.

Based on this audit observation, the Public Accounts Committee (PAC) after a detailed examination of the matter tabled its 83rd Report in April 2013 on the subject.

**(iii) Non-crediting of Levy to the Universal Service Obligation Fund**

Universal Access Levy totalling ₹ 37,223.92 crore was collected during the period 2002-03 to 2010-11 by the Department of Telecommunications. However, only ₹ 13,471.44 crore was transferred to the Universal Service Obligation Fund (USO Fund). There was, therefore, a short transfer to the USO Fund by ₹ 23,752.48 crore.

**(iv) Non-crediting of Clean Energy Cess in the Fund**

₹ 1,066.46 crore was collected on account of Clean Energy cess during the year 2010-11. The cess so collected was to be transferred to the National Clean Energy Fund in the Public Account. This dedicated fund was created for achieving the objective of funding research and innovative projects in clean energy technology. However, no such dedicated Fund had been opened in the Public Account.

**VB Major audit observations in respect of Performance Audits**

Findings of some of the performance audits are listed below:

**(i) Performance Audit Report on IT application in Income Tax Department**

The standalone Performance Audit Report featured results of review of four modules of ITD Applications namely, AST for processing returns, OLTAS for providing tax accounting and payment information, e-TDS for providing AST with information on details of payment of taxes under TDS scheme and IRLA for maintaining a ledger account of each individual assessee in respect of demand and refund of tax for each assessment year. Important findings are as under:

- AST/CPC applications do not link up assessee's legacy details. It does not record scrutiny assessment details nor does it record penalty proceedings and appeals. All non filers identified by AST are not being issued notices.
- ITD did not reconcile the revenue collections as reported by Banks and as accounted by Zonal Accounts Offices, with implications for correctness of Government Accounts. We found that several bank branches, which had been deauthorised or were not in the authorized list, to collect taxes were collecting taxes. We found that IRA does not directly get credit details from OLTAS, and it is AST which interacts with OLTAS for checking tax credits and then posts the same to IRLA .
- ITD has not linked up e-banking with e-filing of Income tax return.
- Pending assessments indicate little improvement over a five year period from FY 07 to FY 11, despite substantial outsourcing of business activities and investment in Information Technology.

**(ii) Environment Management in Indian Railways- Stations, Trains and Tracks**

Indian Railways (IR) is the single largest carrier of freight and passengers in the country. The operations of IR not only cause air pollution but also cause water and noise pollution. The approach of IR towards protection of the environment, therefore, assumes great importance for tackling environment challenges to the country. A comprehensive audit exercise was undertaken to assess the performance of IR in managing environmental risks covering the period 2006-07 to 2010-11. The Performance Audit highlighted following issues:-

- As per statutory provisions all sidings and railway good sheds are required to obtain Consent for Operation from their respective SPCBs. Compliance with these guidelines was partial. Even the existing statutory provisions and



guidelines issued by the SPCBs of West Bengal, Jharkhand and Odisha were not fully complied by the Railway Administrations. A study conducted by CPCB on request of Audit, to assess the level of pollution and compliance with the statutory provisions at fourteen major stations revealed that IR generally failed to comply with the statutory provisions.

- There was no system for monitoring the quality and quantum of waste water generated at stations. Railway Board's instruction for installation of Effluent Treatment Plant at all major stations were also not adhered to. Frequently effluents were discharged from major stations to the nearby low lying areas/water bodies and municipal discharge systems resulting in contamination of surrounding surface and ground water.
- Despite being a major user of water, no significant progress has been made in implementing water conservation methods.
- Railway operations generate vast quantities of different types of wastes – both solid and plastic wastes. Non segregation of degradable and non degradable wastes, inadequate storage facilities and improper disposal of garbage were common at railway stations. Instructions relating to adequate and proper collection and segregation and disposal of plastic wastes were not adhered.
- IR is the single largest carrier of passengers every day and generates about 3980 MT of human wastes per day which is discharged directly on to the rail tracks. This pollutes the environment at both stations and alongside the tracks. IR has been experimenting since 1993 with various models of environmental friendly toilets. Despite prolonged experiments/trials for over two decades on different models of toilets for its coaches, it has failed to freeze a suitable option to address the environmental hazards caused by defecation in toilets on trains. 0

## **VI Changes in Policies, Rules, Law and other significant changes at instance of audit**

Besides monetary impact, the changes made in the policy, law, rules and other significant changes made by the Government on the basis of audit observations are as follows:

### **Union Audit**

#### **VI A Central Excise & Service Tax**

- We pointed out that Central Board of Excise and Customs (CBEC) may liaison with statutory authorities such as the RBI to obtain information regarding



non-banking financial companies to bring them under the service tax net vide Recommendation No. 2 of Audit Report No. 15 of 2011-12. Accordingly, CBEC issued instructions to field formations to liaise with RBI to obtain information regarding non-banking financial companies in order to bring them under the service tax net.

- We had suggested that the Board may prescribe a deadline for Commissionerates to verify cases already pointed out by us in the earlier PA reports. It may also fix targets for doing such verifications and issue comprehensive guidelines for this work to remove ambiguities and contradictions vide Recommendation No. 1 of AR No. 25 of 2011-12. Accordingly, all Chief Commissionerates / Commissionerates of CBEC have been informed about Ministry's decision that verifications should be completed by Commissionerates within 8 weeks of receipt of intimations by them.

- We had suggested that suitable control mechanisms may be put in place so as to prevent delays in granting registration certificates and accepting surrender of registration certificates vide Recommendation No. 4 of AR No. 25 of 2011-12. CBEC has issued instructions asking the assesseees to submit the requisite documents within 15 days of submitting the application failing which their registration may be rejected as incomplete.

#### **VI B Commercial Undertakings**

- Bharat Heavy Electrical Limited (BHEL) - On the basis of our audit observation, the Corporate management of BHEL revised its guidelines for procurement of capital items by specifying therein the time schedule for erection & commissioning (E&C) and provision for levy of Liquidated Damages (LD) against the delay in E & C besides incorporating a number of other safeguards to avoid any delay in E&C of machines in future.

- National Thermal Power Corporation (NTPC) - Based on para no. 12.4 of Report No. 8 of 2012-13 titled "Loss due to absence of route planning" which highlighted avoidable expenditure incurred by NTPC Limited due to supply of coal from routes other than optimum routes", the Management of NTPC Limited changed its provisions for import of coal where in the bidder shall be free to import coal through any of the discharge ports in India and payment shall be made based on the rates quoted by the bidder for respective NTPC Plants, except for railway freight or trip charges which shall be payable as per actual limited to quoted charges.



- NTPC Vidyut Vyapar Nigam Limited - The Management of NTPC Vidyut Vyapar Nigam Limited was including the interest earned on deposits of collection on account of sale of fly ash and fly ash products in its 'Income' rather than transferring it to 'Fly Ash Utilization Fund'. Based on our observation, the Company has changed its Accounting Policy and is now transferring above interest income to 'Fly Ash Utilization Fund'.
- NTPC Vidyut Vyapar Nigam Limited -The Management of NTPC Vidyut Vyapar Nigam Limited was including the amount received on encashment of Bank Guarantee on account of Non Performance of Solar Power Developers under JawaharLal Nehru National Solar Mission as their income. Based on our observation objecting to the said treatment, the Company has changed its Accounting Policy and is now treating the amount received on encashment of Bank Guarantees as current liability of the Company.
- Indian Oil Corporation Ltd (IOC) - IOC had been exhibiting the 'Deposits made by the LPG consumers while subscribing to the connections' under Current Liabilities. However as the possibility of refund of the entire amount outstanding under this account within twelve months from the date of the Balance Sheet was remote, audit commented that keeping the deposit under current liabilities was not justified, in the light of the provisions of revised Schedule – VI of the Companies Act, 1956. Based on the audit observation, the company had changed the classification and the deposits made by the LPG consumers are currently being classified under "Non- Current Liabilities" with effect from the accounts for the period 2012-13.

#### **VI C Railway**

- Based on our audit observation, Railway Board has agreed to incorporate the various charges to be levied on demanding parties for Power cum – Traffic Block in MOU stage itself to avoid any ambiguity at later stage.
- Based on our audit observation, Railway Board instructed Zonal Railways to devise suitable mechanism and recover suitable penalty from the contractors who damage railway cable along the railway tracks during execution of work.

#### **VI D Union Expenditure:**

- Based on audit observations, Ministry of Defence directed the Ordnance Factory Board (OFB) to insert a clause in future contracts so that the Plant and Machinery received is erected and commissioned within a time frame. For



commissioning of machines in time, OFB was advised to consider turnkey projects involving civil works.

## VII Follow Up

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 in the audit paragraph occurred;
- Action taken to fix responsibility and likely time frame for completion of action;
- 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 occurrence of similar cases in future.

The table below shows the position of action taken notes as on 31 March 2013:

	ATNs awaited at the end of 31 March 2013	ATNs settled during the year
Union level	657	861
State Level	10,476	1,551
Total	11,133	2,412



## Chapter 4

### Key Results and Achievements – Accounts and Entitlements

Article 149 of the Constitution prescribes the duties and powers of the Comptroller and Auditor General of India in relation to the accounts of the Union and States. Currently, we are responsible for compilation and preparation of accounts of State Governments, maintenance of GPF accounts and authorization of pension payments of State Government employees. Accordingly, the key outputs are Monthly Civil Accounts, Finance Accounts and Appropriation Accounts. The key focus areas of this wing and the achievements during the year 2012-13 are discussed below.

#### I Key Focus Areas

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

In 2005 Government of India (GoI) initiated action on the computerization of treasuries in all States. This initiative was labeled the Integrated Finance Management System (IFMS). GoI, State Governments, Accountants General (Accounts/Audit), the RBI, Agency Banks, and the CGA are the key stakeholders. In July 2010, GoI approved the implementation of this scheme as a Mission Mode Project with central assistance to State Governments to design, develop and implement State specific IFMS, which will introduce/complete the process of e-payments and e-receipts. The extent to which the e-transactions can be accepted by the A&E/Audit offices will depend on the existence of various system controls underlying data integrity and assurance that data can only be entered once in the entire process, and once entered, cannot be modified except through an acceptable process. Therefore, A&E/Audit offices will need to revisit their existing processes to receive and compile/audit the IFMS/ e-transactions. Since each IFMS is independent, the modification of the existing VLC in each state will require considerable resources. All these require the AG (A&E) to work in close coordination with the State Government in design, development and implementation of the IFMS. This issue has been taken up by the Deputy CAG (Government Accounts) with all the Chief Secretaries of the respective states indicating that the AsG (A&E) are to be treated as “Internal Stakeholders” in the project. The AsG (A&E) have also been asked to follow up the issues with the Chief Secretaries.





## (ii) Introduction of Key Result Area (KRA) reporting

In July 2012, quarterly Key Result Area (KRA) reporting system has been introduced in Government Accounts Wing. The KRA reporting has been designed to be an effective instrument for monitoring, control, and internal accountability, in a hierarchical manner from AAO upwards in all the A&E offices. KRA reports of all the PAsG/AG (A&E) offices are being monitored at headquarters office quarterly and evaluation notes on KRA reports are being issued to all the A&E offices. Similar system is in place for Group Officers, and so on up to cutting edge supervisory level, viz. of AAO. KRA reports are being monitored and evaluated at the level of Deputy Comptroller and Auditor General (GA & CRA) at headquarters. The KRA report includes monthly status for the three months of the quarter in respect of identified parameters for monitoring the functioning of the A&E offices. Therefore, 20 returns/reports being received from A&E offices have been discontinued. This initiative has not only streamlined the evaluation process but also reduced paper/postal expenses as all these KRA reports are being received through e-mails and being evaluated online. Evaluation notes are being sent to the respective PAsG/AsG through e-mails from DAI (GA&CRA).

Apart from KRA reporting, State profiles and Office profiles are also introduced in all the A&E offices, which are also very helpful tool for higher authorities visiting field offices to watch the progress in various segments of their activities.

## II Innovations and Initiatives

### Introduction of concept of Entry and Exit Conference between A&E offices and Finance Department of State Government

The concept of entry and exit conference by the Accountant General (A&E) with the Finance Department of the State Government has been introduced in the current year. It has been decided that henceforth all Heads of Department (A&E) will schedule annual entry and exit conferences with the Finance Secretary of the State Government. A model template was prepared in consultation with all Principal/Accountants General (A&E) and issued to all the PAsG/AsG (A&E), which may be modified as required to suit state-specific requirements. It was decided that the PAsG/AsG (A&E) may also determine the timing of the conferences, but ideally, the entry conference should be scheduled immediately after the budget review is complete, and the exit conference, at the final stages of preparation of the Finance and Appropriation Accounts for the year. In compliance, exit conference for the accounts for the year 2012-13 and entry conference for the



accounts for the year 2012-13 were held by most of the A&E office. This initiative was highly appreciated by the State Governments.

### **III Our Accounts Performance**

#### **III A Work plan of Accounts Wing**

State AsG (A&E) present following documents to the State Government as per prescribed timelines:

- (a) Monthly civil accounts;
- (b) Finance and Appropriation Accounts;
- (c) Accounts at a glance;
- (d) Various MIS reports to State Government including Report of Expenditure;
- (e) DDO wise expenditure figures, warning slips; and
- (f) Grant-wise excess expenditure.

Complete and timely rendition of these documents is monitored at the level of field as well as headquarters office. Treasury inspections are also carried out to seek an assurance that treasuries are exercising appropriate checks in accordance with prescribed procedure.

#### **III B Timeliness**

27 Accounts offices of the IAAD were due to render monthly accounts to the State Governments. While 15 Accounts offices were able to render monthly civil accounts on time, there were delays in submission of monthly civil accounts by 12 Accounts offices. Out of 351 monthly civil accounts due to be rendered during the year, 231 accounts were rendered in time, whereas 120 accounts were delayed. Delays occurred mainly in the Accounts offices in the eight North Eastern States, one State from Central Region, one State from Western Region and one from Northern Region due to late receipt of accounts from the treasuries/divisions/other account rendering units of State Government.

#### **III C Completeness**

87.18 *per cent* of the monthly civil accounts rendered were complete in all respects. 20 out of 27 Accounts offices rendered complete monthly accounts to the State Governments. In seven Accounts offices monthly accounts rendered



were incomplete as treasuries had been excluded from the monthly accounts due to late receipt of accounts from treasuries etc.

### III D Causes of delay in rendering accounts to State Governments and incompleteness of Accounts

Delay in rendering accounts occurred mainly due to late receipt of accounts from treasuries/divisions and other account rendering units of state government, staff shortage and technical problems of software and hardware. Delays in rendering of accounts by treasuries are sometimes attributed to difficult and poor road connectivity also. Exclusion of Treasuries/divisions from accounts was due to late receipt of accounts.

### IV Treasury Inspections

Treasury inspections are conducted to obtain an assurance that treasuries are exercising the checks in accordance with the prescribed procedures. AsG (A & E), being the compiler and preparer of the State Government Accounts, examines the internal control mechanism in a treasury. The objective of treasury inspection is to seek an assurance that various checks and procedures prescribed for preparation of initial accounts are duly complied with by the treasuries.

The inspections are carried out at the level of treasury as well as sub treasury. We carried out 98.77 *per cent* of the planned treasury/sub-treasury inspections. State Governments accepted 83.29 *per cent* of the recommendations made by us as detailed below:

Description	No. of inspections planned	No. of inspections carried out	Inspection reports issued	Recommendations made	Recommendations accepted
Treasury	659	651	645	644	509
Sub Treasury	1539	1520	1,179	176	174
<b>Total</b>	<b>2,198</b>	<b>2,171</b>	<b>1,824</b>	<b>820</b>	<b>683</b>

### IV A Major Findings of Treasury Inspections during 2012-13

We noticed deviations in compliance to financial rules impacting financial management of the States for example delay/ non submission of Abstract Contingent (AC) bills, excess payment of pensionary benefits, crediting of



Government receipts to Personal Ledger Account instead of Consolidated Fund of State etc. All such cases were reported to the State Government for necessary corrective action.

## V Our Entitlements Performance

### V A Pension cases finalized

Pension authorization is done by 19 Accounts and Entitlement offices in IA&AD. These offices finalized 4,48,050 pension and revision cases. The average time taken for finalization of a case ranged from 30 days (Bihar, Haryana & Jharkhand) to 65 days (Tamilnadu). While there were no delays in processing pension cases in 11 offices, average delays ranged from 2 days to 27 days in the rest of the offices. Delay in retrieving records from old records for revision cases, heavy receipt of revision cases, incomplete pension proposals, staff shortages and late receipt of replies/clarifications from the department were some of the reasons for delays in processing pension cases.

### V B Maintenance of General Provident Fund Accounts

A&E offices in Indian Audit & Accounts Department are responsible for maintenance of General Provident Fund Accounts (GPF) of State Government employees. During the year 2012-2013, we maintained 39,40,227 GPF accounts through 22 A&E offices. Accounts slips in respect of 37,98,132 GPF accounts i.e. 96.39 per cent were issued in time.

No. of GPF accounts maintained	No of accounts slips issued in time
39,40,227	37,98,132

## VI Specific Measures taken to address client grievances/ new initiatives taken

We are conscious of our responsibilities towards our clients for providing services within the timeframe and addressing their grievances. We are leveraging technology to provide efficient services as well as interacting with the stakeholders seeking their cooperation in this endeavor. This section describes some of the initiatives taken by some of the Accounts and Entitlement offices.

### VI A Andhra Pradesh:

Principal Accountant General (A&E) Andhra Pradesh introduced following new initiatives:

- (i) Web based online grievance registration system from February 2013.



- (ii) SMS to subscribers transmitting information of posting of credit/debit, capture of sanction, missing credit, missing debit etc.
- (iii) Placing of final payment authorization details like speed post number of DDOs copy on the website of the Pr. AG (A&E) Andhra Pradesh to enable the subscriber to track his authorization for further pursuance with the DDO.

#### **VI B Karnataka:**

Principal Accountant General (A&E) Karnataka introduced following:

- (i) Issue of e- Annual GPF Accounts Statement by uploading on office website.
- (ii) Implementation of Dak Module for all inward correspondence, final withdrawal claims and partial final withdrawal claims.

#### **VI C Maharashtra-I:**

Data of pension cases is uploaded on the official website of this office so that the pensioners can access the status of the pension cases without having to visit this office.

#### **VI D Maharashtra-II:**

Accountant General (A&E) Maharashtra-II introduced following:

- (i) A booklet was designed incorporating how to process pension cases at department level, specific requirements, extract of important GRs printed in local language i.e. Marathi named as "Pension Margadarsika". The booklets were distributed in Pension Adalat held at Amravati and Nanded for creating awareness among all the stakeholders.
- (ii) A GPF Grievances Cell has been formed from 01-01-2013. A separate E-mail address namely 'gpftakrarngp@gmail.com' is also opened. All the complaints received from the GPF subscribers are immediately attended to by the cell and reply furnished by mail. All the subscribers have been intimated to send their grievances to the above mentioned email id for prompt reply. The email id has been printed in the Annual GPF slips as well as publicity is given in the local News papers.
- (iii) SMS alert services to the GPF subscribers started w.e.f. 01.01.2013, which has also been appreciated by the GPF subscribers.

**VI E Odisha:**

Principal Accountant General (A&E) Odisha introduced following:

- (i) Digitisation of old pension files has commenced which will facilitate creation of a data base of pensioners and faster clearance and authorization of pension revision cases.
- (ii) An interface for e-Schedules of GPF has also been developed with the help of State Government to download GPF details from iOTMS (Odisha Govt. Treasury Data base). The same was tested during the year for subsequent implementation.

**VI F Uttarakhand:**

Annual GPF Statements are available on-line. Further, status of disposal of FP Cases is available online along with scanned copies of correspondence with State Government. A strong on-line grievance redressal mechanism is in place which ensures disposal of complaints within a few days.

**VI G West Bengal:**

A central on-line Grievance Redressal Application, developed by the local unit of NIC at C&AG office, has been implemented with effect from 28/01/2013 with provision for on-line recording of grievances and its disposal through the website of AG, West Bengal.



## Chapter 5

### Professional Standards and Quality Management

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 to be followed under diverse situations by all the practitioners and to that extent serve as benchmarks for quality control and quality assurance process.

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

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

GASAB has the following responsibilities:

- To establish and improve standards of Government accounting and financial reporting in order to enhance accountability mechanisms;
- To formulate and propose standards that improve the usefulness of financial reports based on the needs of the users;
- To keep the standards current and reflect change 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.

The standards based on cash based accounting system are termed as Indian Government Accounting Standards (IGASs) and become mandatory for application by the Union, States and the Union territories with legislature from the date as



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

#### **IA IGAS notified**

Up to March 2013, following three IGASs have been notified:

- IGAS 1 on *Guarantees given by Governments: Disclosure requirements*, was notified by the Government in December 2010.
- IGAS 2 on *Grants in aid: Accounting and classification* was notified by the Government in May 2011.
- IGAS 3 on *Loans and Advances made by Government* was notified by the Government in February 2012.

#### **IB IGAS under consideration of Government**

IGASs and IGFRSs under consideration of the Government are listed below:

- IGAS 7 on *Foreign currency transactions and loss or gain by Exchange Rate Variations*
- IGAS 10 on *Public Debt and Other Liabilities of Governments: Disclosure requirements*

#### **IC IGFRS under consideration of Government**

Four IGFRSs which have been formulated by GASAB and forwarded to Ministry of Finance for consideration; will initially be **recommendatory** in nature to provide guidance for conducting Pilot Studies and will be mandatory from the date of their notification by the Government. The details of IGFRSs formulated are as follows:

- IGFRS 2 on *Property, Plant and Equipment*
- IGFRS 3 on *Revenue from Exchange Transactions*
- IGFRS 4 on *Inventories*
- IGFRS 5 on *Contingent Assets and Contingent Liabilities: disclosure requirements*





## ID IGAS and IGFRSs under consideration/revision of GASAB

IGASs and IGFRSs under various stages of development and under consideration include the following:

- IGAS 4 on *General purpose financial statement of government.*
- IGAS 6 on *Leases.*
- IGAS 9 on *Government investments in equity.*
- IGFRS 1 on *Presentation of financial statements.*
- IGFRS 6 on *Accounting policies, changes in accounting estimates and errors.*
- IGFRS 7 on *Events after the reporting date.*
- IGFRS 8 on *Segment reporting.*

## II Audit methodology and guidance:

The guidelines and manuals are regularly reviewed and updated. During 2012-2013, we decided to adopt a Code of Ethics (Code) keeping in view the international best practices to provide clear guidance on standards of behaviour expected from the members of Indian Audit and Accounts Department. The Code incorporates values and principles contained in the Central Civil Services Conduct Rules for Government Servants in India (CCS Conduct Rules) and suitably adapted broad principles contained in ISSAI 30 (INTOSAI Standards for Supreme Audit Institutions).

### Code of Ethics

- Integrity
- Independence, Objectivity, Impartiality
- Professional Secrecy
- Competence etc.

## III Quality Assurance

Quality assurance is 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.

### III A External Peer Review of SAI India

An international peer review team reviewed the performance audit function of SAI India during the period October 2011 to March 2012. External peer review team submitted its report in September 2012. The objective of the peer review was to



assess the extent to which the performance audit function of SAI India adheres to applicable standards of professional practice; and to identify opportunities for improvement.

In the opinion of the peer review team, SAI India's AQMF is conceptually sound and provides the basis for its adherence to applicable standards of professional practice when undertaking performance audits.

Following good practices were identified by the Peer Review Team:

#### Peer Review Good practices

##### 1. Long term strategic planning

The peer review team considered that SAI India's long term strategic planning (out to 2020), which is focused on organizational goals, and strengthening audit capability and impact, is a good practice.

##### 2. Audit Advisory Boards

In relation to strategic and audit planning, the peer review team considered that SAI India's use of audit advisory boards, which include highly qualified individuals from outside SAI India, reflects SAI India's openness to external advice and is a good practice

##### 3. Network of training facilities

The peer review team considered that SAI India's network of training facilities at national, regional and office levels, which it uses to provide induction and refresher training for its staff, is a good practice.

##### 4. Alternate report presentation

The peer review team considered that SAI India's use of small colour booklets to communicate performance audit messages to clients is a good practice.

### III B Internal Peer Reviews

We also conduct Peer Review of Audit offices as part of Quality Assurance Mechanism. These are governed by the guidelines on "Quality Assurance through Peer Review". In the year 2012-13, out of 14 offices due for Peer Review, 9 Audit Offices were peer reviewed by the Directors General/Principal Accountants General. The Inspection Wing coordinates these Peer Reviews. Follow-up action on the Peer Review Report is done by the concerned functional wings.

#### External Peer Review Team consisted of:

- Australia
- Canada
- Denmark
- Netherlands
- United States of America



### III C Director General of Inspection

Inspection Wing conducts inspections of all field offices including branch offices in a 3 yearly cycle and also organizes the Peer Reviews of the audit offices of IA & AD.

#### Inspection

Last year, format of the Inspection Reports and checklists/ guidelines were revised in respect of both Audit and A&E offices and inspection is now being carried out on these lines. For Audit offices, the reports cover 5 different dimensions viz: **Office Performance, Audit and Audit Methodology, Quality Control, Stakeholders Management, Management and Support Structure.** In respect of the A&E offices, the reports cover **Office Performance, Accounts, Funds, Pension and GE wings, Management and Support Structure, Training, Stakeholders Management/ Communication.**

During the year 2012-13, 21 main offices (A&E-02, Audit-11, Central-02, Member Audit Board-03 Railways-02 and P&T-01) with their 09 Branch Offices were inspected by utilizing 293 party days.

Number of Inspections planned	Number of Inspections carried out	Number of Recommendations made	Number of Recommendations implemented till August 2012	Compliance Percentage
33*	21**	1211	475	39

\* 33 main offices and 16 branch offices

\*\* 21 main offices and 06 branch offices



## 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.

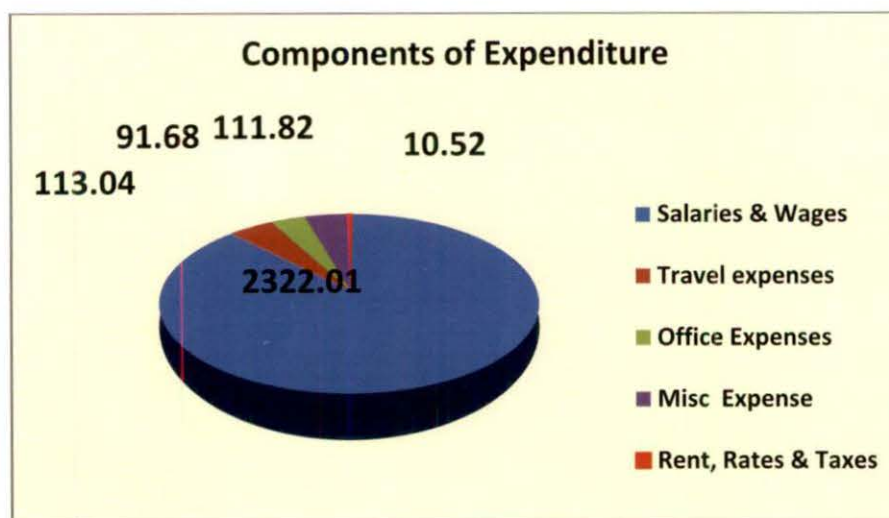
#### I Our Financial Management

We spent ₹ 2649.07 crore in 2012–2013. Component wise details of expenditure are given below:

##### IA Components of Expenditure

We spent 87.65 per cent of our resources on 'Salaries' and wages and 4.27 per cent on 'Travel'. Thus 91.92 per cent of total expenditure was incurred directly on our human resources.

(₹ in crore)



##### IB Expenditure pattern on functional basis

All expenditure on IAAD, except the expenditure of CAG's office and UN Audit Unit, is voted. Civil Audit Offices accounted for largest share of expenditure followed by Civil Accounts Offices. Overall we spent about 60 per cent on Audit (excluding Headquarters). The total expenditure on the Civil Accounts Offices was approx 36 per cent.



Categories of offices	Actual Expenditure (₹ in crore)	Percentage of Expenditure
Headquarters office	82.42	3.11
Overseas Audit offices	20.81	0.79
Civil Audit Offices	1,194.60	45.10
P & T Audit Offices	79.32	2.99
Railway Audit Offices	145.95	5.51
Defence Audit Offices	53.89	2.03
Commercial Audit Offices	107.26	4.05
NAAA Shimla	8.25	0.31
Department Canteen	10.83	0.41
Civil Accounts offices	943.69	35.62
UN Audit	2.05	0.08
<b>Total</b>	<b>2649.07</b>	<b>100</b>

### 1 C Allocation of Resources for Audit

Total budget for conducting Audit was ₹1,590.27 crore against combined budgeted revenue and expenditure of Union & State Governments of ₹48,47,514.98 crore during 2012-13. Expressed as percentage, the expenditure on audit was only 0.033 per cent of total of the revenue and expenditure of Union and State Governments for 2012-13. The above figures of expenditure do not include transactions of the Central and State public sector undertakings, autonomous bodies, bodies substantially financed by government grants, loans, and public debt transactions of the Union and State Governments, which are also audited by the CAG.

#### ***Budgetary allocation for audit on auditing functions***

*For every one lakh rupees of transactions (revenue and expenditure) budgeted, allocation for audit was a mere ₹ 33.*



## II How we manage our Human Resources

Our 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 2012-13 included the following:

- Optimal staffing in the field offices continued to be the main focus of the Staff Wing during 2012-13. Requisitions placed with Staff Selection Commission for direct recruitment to the posts of Divisional Accountants, Auditors, Accountants & Data Entry Operators materialized during 2012-13. 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	693
Supervisory Cadre	15,356
Audit & Accounts Staff	25,386
Multi Tasking Staff	5,501
<b>Total</b>	<b>46,936</b>

There are about 34.19 *per cent* people at different managerial and supervisory levels in IAAD and 54.09 *per cent* constitute audit and accounts staff. Only 11.72 *per cent* (MTS) of the total strength works in a purely support function. As against sanctioned strength of 69,113 only 67.73 *per cent* staff is presently working in the Department. We recruited 3570 people in the category of Audit & Accounts Staff (Including Junior Hindi Translators) during the year. This helped in mitigating the deficiency to a large 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.

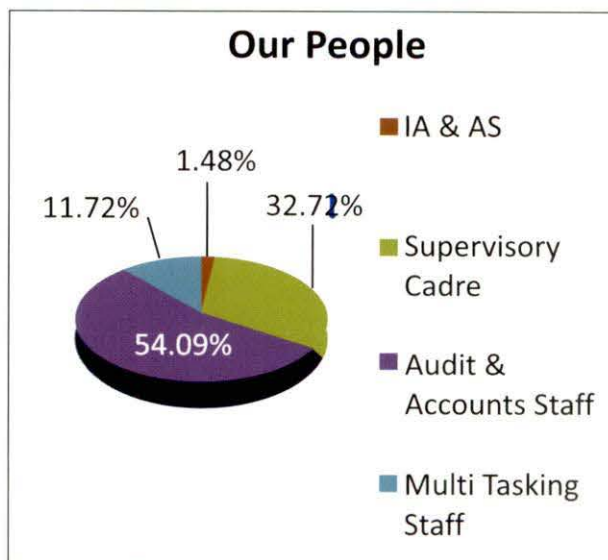
**Audit & Accounts Staff** – Data Entry Operators (DEOs), Clerks, Auditors/Accountants and Senior Auditors/ Senior Accountants form this cadre and constitute 54.09 *per cent* of our total manpower. They are recruited by the Staff Selection Commission or promoted from feeder cadre.

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

Designation chart of different categories of officers in our main wings is given at Annex III.

#### IV Qualifications

Our officers and staff in Group 'B' & 'C' cadres are well qualified. We have 109 doctorates, 1010 professionally qualified personnel, 4933 post graduates and 27,987 graduates in these cadres.





The IA&AS consists of twelve doctorates, 236 professionally qualified<sup>5</sup> officers, 302 post graduates and 143 graduates.

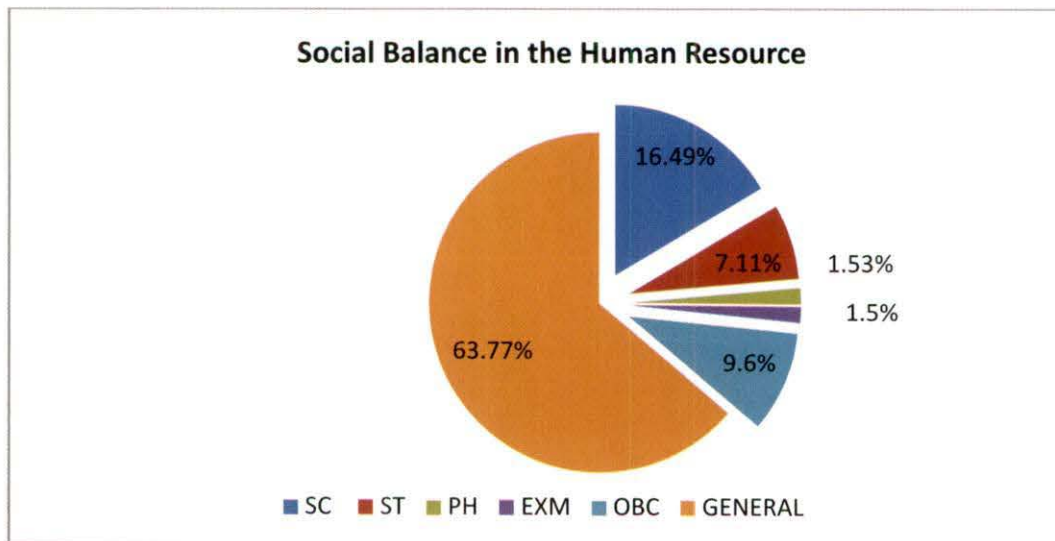
## V Recruitments

We recruited 4,474 persons in 2012-2013. The largest number of recruitments (3570) took place in the Audit and Accounts staff category.

## VI Affirmative Action

Category	No. of persons recruited
IA&AS	22
Supervisory Cadre	0
Audit & Accounts Staff (Including Junior Hindi Translators)	3570
MTS	882
<b>Total</b>	<b>4474</b>

Amongst our people we have 33.2 per cent of persons belonging to 'Scheduled Castes'/'Scheduled Tribes' and 'Other Backward Classes'. 1.53 per cent of our people are 'differently abled' and 1.5 per cent are 'ex-service men'.



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





## VII Gender Balance

In comparative terms the percentage of women employees is highest in the multi tasking staff at 33.38 *per cent* and lowest amongst the Supervisory Cadre/ Audit/Accounts Staff at 16.54 *per cent*.

Thus though we may not have enough women in our cadres, we do have a greater percentage of women in IA&AS i.e. decision making level.

## VIII Staff Associations

We have 232 staff associations and five All India Federations representing audit and accounts staff and supervisory cadre of officers. Thirteen meetings were held between apex level Federations and top administrative levels in the Headquarters of IAAD during 2012-13. State level meetings were held by the PAsG/AsG with the concerned field level Service Associations.

## IX Professional Capacity Development

C&AG of India presents more than 100 Audit Reports every year to the Parliament and State Legislatures. We have about 47,000 personnel serving SAI India in different capacities. To enhance the audit skills and update the domain knowledge of the employees at large, the training structure of the department comprises National Academy of Audit and Accounts at Shimla for training the IA&AS Officers, International Centre for Information Systems and Audit, Noida for training participants from the SAIs from all over the world. We have nine Regional Training Institutes and three Regional Training Centres engaged in capacity building of supervisory cadres and audit and accounts staff. International Centre for Environment Audit and Sustainable Development set up at Jaipur for conducting specific courses in the field of Environment Audit was inaugurated in May 2013.

Category	Women	Men	% (Percentage)
IA & AS	166	527	23.95
Supervisory Cadre & Audit/ Accounts Staff	6737	34005	16.54
Multi Tasking Staff	1836	3665	33.38
<b>Total</b>	<b>8739</b>	<b>38197</b>	<b>18.62</b>



### X Training of newly recruited officers

Direct recruit IA&AS and Direct Recruit Assistant Audit Officers (DRAAO) undergo extensive induction and professional training before they are confirmed in service. The IA&AS officers undergo training for a period of 104 weeks. This training includes a 15 week foundation course, professional training of 70 weeks in two phases, study tour of three weeks and on the job training of 16 weeks. The officers are required to pass departmental exams (Part 1 and Part II) before they are confirmed in service.

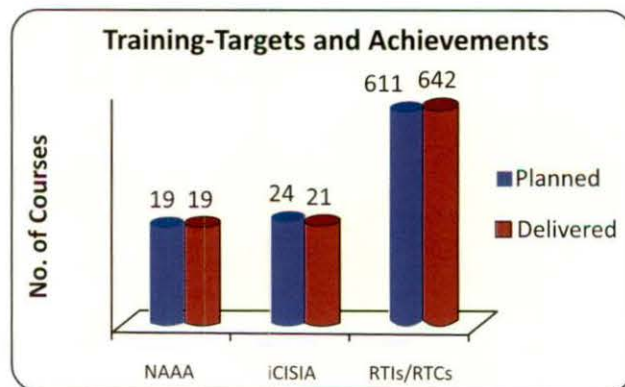
Officers can also join the IA&AS on promotion or through lateral recruitment. They undergo induction training at National Academy of Audit & Accounts, Shimla (NAAA) for a period of three weeks.

The DRAAO Probationers undergo seven months training at Regional Training Institutes when they are recruited. This includes three months of induction training, one month on the job training in their respective field offices and three months preparatory training. They are required to pass the Subordinate Audit/Accounts Services Examination before they are confirmed as AAOs.

### XI In-service Training

Officers and staff in our organization are extensively trained in accounts, audit, administration, management and IT. Courses are organized to implement new methodologies and update our human resources with current practices. Besides training conducted by the 12 training institutions in the department, every field office is also required to conduct in-house training to take care of the specific training requirements of their people.

While NAAA, Shimla achieved the target of conducting 19 courses, RTIs organized more courses than targeted. NAAA, Shimla trained 450 IA&AS officers and RTIs trained 12,066 people during the year; iCISA, Noida trained 587 people. Field offices also organized in house training programs of short duration to meet office specific requirements of capacity building.





## XII Centres of Excellence

Each RTI/RTC in IAAD has been designated as a Centre of Excellence for the subjects allotted to them. As Centres of Excellence the RTIs develop structured training modules, case studies and other reading material with special emphasis on designated areas of specialization. They also conduct workshops and seminars on specific areas of specialization. Following are defined areas of excellence for different institutes during the year 2012-13:

SI No	RTI/RTC	Area of Excellence
1	RTI, Jammu	Defence Audit
2	RTI, Jaipur	Performance Audit and Social Sector Audit
3	RTI, Kolkata	Local Bodies Audit, Railway Audit and Compliance Audit
4	RTI, Mumbai	Corporate Governance, Finance and Audit of Municipal Corporations and Financial Reporting (IPSASs)
5	RTI, Nagpur	Fraud and Forensic Audit and Revenue Audit
6	RTI, Chennai	Audit of Public Private Partnership in Infrastructure Projects and Financial (Attest) Audit
7	RTI, Ranchi	Audit Quality Management Framework
8	RTI, Allahabad	GASAB & Budget (GFS 2001)
9	RTI, Shillong	Certification Audit in Autonomous District Councils as per applicable Financial Attest Audit Manual
10	RTC, Bangalore	Information Technology Audit
11	RTC, Hyderabad	Local Bodies and Social Audit
12	RTC, New Delhi	Information Technology

## XIII International Center for Environment Audit and Sustainable Development

A training facility called the “International Centre for Environment Audit and Sustainable Development (iCED)” has been set up at Jaipur as the Global Training Facility for INTOSAI. The objectives of this center are:



- (i) Capacity building through training.
- (ii) Knowledge dissemination and sharing.
- (iii) To be a Centre for Environment Policy Research.
- (iv) To offer professional certification on Environmental studies.

iCED, Jaipur was also conceived as a green building and a host of features have been incorporated in design and construction to reduce carbon footprint of the building. It was inaugurated in May 2013.

#### **XIV Publications**

As part of the knowledge sharing effort a number of quarterly newsletters and journals are published by the functional wings and offices in our organization. Green Files a quarterly newsletter of ICED highlights the developments in the field of environment; Direct Taxes wing brings out a quarterly e-journal by name 'Rupee Trail' capturing the developments in the field of audit of direct and indirect taxes.

#### **XV How we use Information Technology**

Information Systems (IS) Wing acts as a facilitator for computerization of activities identified by various functional wings. It is responsible for maintaining CAG Website, CAGSPS (Intranet) and other related websites. Other initiatives include digitization of manuals/publications/rule books; Virtual Private Network (VPN) including five services i.e. Video Conferencing, Voice over Internet Protocol (VOIP), Fax, internet and e-mail in 184 offices; implementation of e-payment in PAOs of IAAD.

Services of Internet and E mail were provided to all IAAS officers 24\*7 uninterruptedly during this period. Email IDs were provided to about 14,500 Group 'B' officers by March 2013.

**Technical up gradation of VLC System:** All the 27 States have successfully migrated from Oracle 8i to Oracle 11g in 3-tier architecture on Linux Operating System in 40 sites (27 States). We also extensively use Information Technology in all our functional areas.

**In Accounts offices:** Voucher level Computerization on Oracle platform has been implemented in all accounts offices. This has led to a strengthened MIS on accounts. Other entitlement functions like maintenance of GPF accounts (including IVRS), Pension finalization and Gazetted Entitlement have also been computerized.



**Administrative functions:** Many of the administrative functions are computerized in our offices e.g. payroll, monthly review of expenditure, library, dak etc. Integrated Dak Management System has been customized and successfully implemented in the C&AG office in collaboration with NIC.

**Audit Offices:** Our audit offices use IT for audit planning, audit programmes, tracking audit reports and observations, maintaining auditee databases etc.

## **XVI Our efforts to promote Rajbhasha**

### **XVI A Publications**

We published four issues of quarterly magazine of Rajbhasha, "Lekha Priksha Prakash" during the year from the Hqrs. Field offices are also regularly publishing the Hindi Magazines to promote Hindi as an official language.

### **XVI B Hindi Programmes**

- (a) We conducted four Quarterly meetings under the chairmanship of Deputy Comptroller & Auditor General to review the progressive use of Rajbhasha in Headquarter Office as per the orders of Rajbhasha Vibhag, Government of India, Ministry of Home Affairs.
- (b) Hindi Pakhwada was celebrated from 3-09-2012 to 14-09-2012 in Headquarter Office as well as field offices. Many competitions were organized to promote use of Hindi in day to day functioning of the offices. Rajbhasha Shields were given on 28-09-2012 by the C&AG for the best performance in Hindi and the best Hindi magazines among our field offices.
- (c) Office of the Comptroller & Auditor General of India received second prize from the President of India, Shri Pranab Mukherjee on 14 September 2012 for implementation of Rajbhasha Policy during the year 2011-12 in the category of Indira Gandhi Awards for Ministries/Departments.
- (d) The target of inspection of 25 *per cent* of our field formations fixed by the Rajbhasha Vibhag, Government of India, Ministry of Home Affairs was achieved.
- (e) Parliamentary Committee for Official Language inspected Branch office of Pr. Accountant General (A&E) at Kochi on 15.02.2013.



### XVI C Translation

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

- (a) All the 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;

### XVII Infrastructure Development

To augment office space as well as residential units for use of IA&AD at various stations all over India many building projects are under progress as detailed below:-

The following projects have been completed and inaugurated;

- (i) International Centre for Environmental Audit and Sustainable Development (iCED), Jaipur.
- (ii) AG Office Mizoram, Aizawl

Projects under construction are listed below:

- (i) Itanagar - AG office
- (ii) Lucknow - AG office
- (iii) Dehradun - AG office
- (iv) Shillong - RTI Academic Block and Transit accommodation
- (v) Port Blair -20 Residential Quarters
- (vi) Patna -178 Residential Quarters & Multipurpose Hall
- (vii) iCISA, Noida - Renovation & Upgradation
- (viii) Shimla - Sport facilities
- (ix) Ahmedabad -8 Residential Quarters, Guest House & Transit Accommodation
- (x) Bangalore - Annexe building for AG (A&E)
- (xi) Kohima-104 Residential Quarters
- (xii) Agartala -8 Residential Quarters



- (xiii) Puri - Branch office
  - (xiv) Dehradun -219 Residences, Guest House & Multipurpose Hall
  - (xv) Shillong - RTI Hostel
- Following projects have also been planned to be taken up:
- (i) Bangalore – New office at J C Road
  - (ii) Port Blair – Guest House



## Chapter 7

### Seminars and Events

Mission of SAI India is to promote accountability, transparency and good governance through high quality auditing and accounting and provide 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. This necessitates knowledge of environment in which audited entity is operating. Auditor has to engage with audited entities continuously. In order to meet this requirement we organize Seminars, Conferences and Workshops to facilitate knowledge sharing. Seminars and events organized during the year 2012-13 are discussed below:

#### XXVI Accountants General Conference held from 8<sup>th</sup> to 10<sup>th</sup> October 2012

The Accountants General Conference, a biennial event, is a forum for senior functionaries of the Indian Audit & Accounts Department to deliberate on key strategic issues relating to governance and public accountability and the contributions that we can make. It also provides us an important opportunity to share our experiences and discuss the whole gamut of audit practices to further hone our professional skills and emerge stronger to rededicate ourselves to the task of ensuring good governance and transparency.







The twenty sixth Accountants General Conference was held in October 2012. The Conference was inaugurated by the President of India, Shri Pranab Mukherjee. In his inaugural address he recognized the institution of C&AG as an important part of the governance and accountability structures of our country.

He also added that its existence underpins and highlights the necessity for accountability of public expenditure by public authorities towards Parliament which represents the supreme will of the people.

The main theme of the conference was '**Strengthening Professional Practices**'. Following five sub-themes were discussed by the respective Technical Discussion Groups:

- i) Strengthening Financial Attest Audit Practices and Reporting
- ii) Compliance Audit – Audit Approach and Reporting
- iii) New Challenges for Performance Audit
- iv) Strengthening Public Financial Reporting
- v) Restructuring and the Way Forward

Apart from discussions on the above mentioned five sub-themes, a paper titled "The Road Ahead for A&E Offices" was also presented at the XXVI Accountants General Conference 2012.

Dr. Murli Manohar Joshi, member Parliament and Chairman, Public Accounts Committee in his address in the AsG Conference referred to an early incidence in 1952, when in response to criticism of some Reports of the CAG by a Member in Parliament, the then Prime Minister Pandit Jawaharlal Nehru had remarked, "He (the CAG) is not responsible to the Government and it is open for him to criticize the Government in Reports. For him to be criticized on the floor of the House would tend to undermine the special position that has been granted to him to discharge his duties without fear or favour."

He pointed out that the institution is facing twin challenges of limitation on the powers of CAG and updating the knowledge. He praised the Department for wide ranging reports and said that the great tradition must be maintained.

#### **Seminar on Performance Reporting for Urban Local Bodies**

A seminar on Performance Reporting for Urban Local Bodies was held on 5 September 2012, in the office of CAG of India. Shri Kamal Nath, Minister of Urban Development inaugurated the seminar. He stressed the need for communication



between the CAG and the audited entities, so that both could appreciate each other's perspective. Two main themes of discussion were (a) Financial Reporting Framework and (b) Service Level Benchmarks.



Mayors and Municipal Commissioners from selected ULBs, Accountants General having audit jurisdiction over these selected ULBs, Secretaries from the state governments, senior bureaucrats from the Ministry of Urban Development, Planning Commission, Ministry of Finance and Civil Society Groups were the participants. Shri Vinod Rai, C&AG expressed his concern over deteriorating urban environment and also stated that the government was making all efforts to address the challenges of funds deficit in this regard.

#### **Experience sharing workshop on audit of MGNREGS**

On the request of Shri Jairam Ramesh, Minister of Rural Development, Government of India, a workshop on experience sharing on all India Performance Audit of MGNREGS was held in the office of CAG of India, New Delhi on 7 January 2013. Senior officers from Ministry of Rural Development, concerned Secretaries/Commissioners implementing the MGNREG Scheme in States and Accountants General from various States participated in the workshop.



Apart from experience sharing about MNREGS audit, possible corrective actions and issues regarding certification of MNREGS accounts by CA firms were discussed.



Shri Vinod Rai, C&AG appreciated the initiative of the Ministry for proactively initiating suo motu dialogue with the office of CAG with the objective of infusing accountability in the system.

#### **Workshop on "Audit of Public Procurement Transactions and Competition Law"**

A half day Workshop on "Audit of Public Procurement Transactions and Competition Law" was organized on 7 December 2012 in collaboration with Competition Commission of India in the Office of the C&AG of India, New Delhi. It was part of our initiative of engaging with the stakeholders and trying to understand and appreciate the environment in which the audited entities operate. All the IA&AS officers posted in the Department in Delhi participated in the seminar. In his inaugural address Shri R. Prasad, Member CCI highlighted the importance of honing skills of audit officers with the awareness of basic nuances of the Competition Law specifically for prevention and detection of bid rigging which adversely affects the exchequer. Shri A.K. Awasthi, Deputy Comptroller & Auditor General, in his keynote address, emphasized upon the power of competition in driving economic growth and consumer prosperity. He appreciated the various roles of Competition Commission including advocacy and the role of auditor in



highlighting the impact of anti competitive practices on the service delivery or Government finances.

There were three technical sessions in the workshop as detailed below:

- (1) General Overview of Competition Law by Shri R.N. Sahay, Adviser, CCI
- (2) Detection of Bid-rigging in Public Procurement by Shri P.K. Singh, Adviser, CCI
- (3) Bid-rigging in Public Procurement: CAG experiences by Shri P. Sesh Kumar, Director General (Commercial-II)



## Chapter 8

### Our Interaction with Key Stakeholders

The primary clients of the CAG are the Parliament, State Legislatures and the public. For the Parliament and each state legislature there is a Public Accounts Committee (PAC) and a Committee on Public Undertakings (COPU) which examine audit reports submitted by SAI India. Other key stakeholders of the CAG include government departments and ministries, organisations and individuals with specific interests in the subject matter of the audits conducted by SAI India.

Communication with our stakeholders is a continuous and dynamic process. Our interaction with our clients and stakeholders helps us in understanding the expectations that the stakeholders have 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 is set up under the Chairmanship of the CAG to advise him in matters relating to audit and suggest 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 to enhance leadership and direction in IA&AD and thereby improve audit quality. The members of the Board function in an honorary capacity. The Board consists of eminent persons in diverse fields, Deputy Comptroller and Auditor Generals and Additional Deputy Comptroller and Auditor Generals from the Department. The first Audit Advisory Board was constituted in 1999. Since then the Board had been reconstituted five times (2001, 2003, 2006, 2009, and 2011). Term of the sixth Board was up to June 2013.

The Audit Advisory Board met twice during the year 2012-13. First meeting was held on 9 November 2012 and second on 21 March 2013. The Board deliberated upon the issues related to Strategic Audit Plan 2012-17, significant findings of some Performance Audits, Auditing Methodology and Strategic Plan of International Center for Environment and Sustainable Development at Jaipur.

#### II State Audit Advisory Boards

On similar lines, Audit Advisory Boards have been constituted in the States under the chairmanship of the Pr AG/AG. 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. Objective of the State Audit Advisory Boards is to enhance the effectiveness of audits including audit reports by providing a forum for professional discussion between the senior management of audit offices and knowledgeable and experienced professionals from varied fields.

The Audit Advisory Boards have been constituted in all States. State Audit Advisory Boards also meet twice a year. The Boards 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 one of 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 performance audit. 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, 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 Committee (PAC) and Committee on Public Undertakings (COPU) at Union and State level 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. The CAG assists in the working of the Committees by preparing a Memorandum of Important Points for Report discussion. The CAG and his representatives assist PAC/COPU in their examination of witnesses during the meetings. Based on its examination the PAC/COPU publishes Report containing recommendations. 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 2012-13 the Central PAC/COPU held 79 meetings and discussed 46 Paras/ Performance Audit Reviews as detailed below:

Name of Wing	No. of Meetings of PAC/COPU held during the year 2011-12	No. of Paras/ Audits discussed during the year 2011-12
Commercial	26	10
Def. & Communication	7	4
Railway	6	12
Report Central	19	10
RA-INDT (Customs)	3	3
CRA(CEST)	9	3
CRA(DT)	9	4
<b>Total</b>	<b>79</b>	<b>46</b>

The States PACs/COPU met on 821 occasions during the year and discussed 1435 Paras/Performance Audit Reviews.

Name of Wing	No. of Meetings held	No. of Paras/ Performance Audits discussed
Central Region	206	188
Eastern Region	166	442
Northern Region	133	197
NE Region	56	172
Western Region	260	436
<b>Total</b>	<b>821</b>	<b>1435</b>

#### V Interaction with academic and professional institutions

We interact with a number of academic and professional institutions. Senior Officers of the Department are nominated on Central Councils of Institutes like



Institute of Chartered Accountants of India (ICAI), Institute of Company Secretaries of India (ICSI) and Institute of Cost and Works Accountants of India (ICWAI). By virtue of being Council members of ICAI, the Officers are also nominated on various Committees/Boards of the Institute like 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. The training institutions in the Department also link up with various academic institutions for faculty support in training our staff and officers.

## **VI Interaction with Media**

As per our Communication Policy for external stakeholders, CAG is the apex authority for decisions relating to matters of communication policy, and for interaction with the media. In his absence, DAI and Officer in Charge of Communication Policy will interact with the media. Such interaction is intended to disseminate information about the Department, the Audit Reports and to issue clarifications, if any, needed to meet basic information needs of stakeholders or remove distortions or misrepresentation of facts by any external agency including the media.

The Communication Policy Cell at Headquarters Office headed by a Media Advisor is responsible for effective communication with print/electronic media and public. The Media Advisor is 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 held after the audit reports are tabled. Press briefs are also issued highlighting the contents of the Audit Report after presentation. The reports are made available on our website. We have introduced small booklets to communicate audit messages for significant social sector performance audits.





## Chapter 9

### Our International Participation and Contribution

The 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 organisations as indicated below:

- A. INTOSAI
- B. ASOSAI
- C. Global Working Group
- D. Audits of International Organisations
- E. Bilateral relations with other SAIs

#### A. INTOSAI

The International Organisation of Supreme Audit Institutions (INTOSAI) operates as an umbrella organisation for the external government audit community. INTOSAI is an autonomous, independent and non-political organisation. It is a non-governmental organisation with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations.

INTOSAI has 191 SAIs as its members. Besides, it has 5 Associate members viz. Association des Institutions Supérieures de Contrôle Ayant en Commun l'usage du français (AISCCUF), Organization of SAIs of Portuguese Speaking Countries (CPLP), the Institute of Internal Auditors (IIA), West African Economic and Monetary Union (UEMOA) and the World Bank.,

INTOSAI has four main Committees which are the vehicles for 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 Administration Committee (FAC)



### Our involvement with INTOSAI

Our involvement with INTOSAI is at following levels:

- INTOSAI Congress (INCOSAI)
- INTOSAI Governing Board Meetings
- The CAG of India is the chair of the INTOSAI Committee on Knowledge Sharing and Knowledge Services (Goal 3) of INTOSAI. The Committee has nine Working Groups and one Task Force working under its umbrella, each one of which is devoted to preparing guidance and best practices on audit of specialised areas. We also maintain the website of Knowledge Sharing Committee.
- The CAG of India is also the chair of the INTOSAI Working Group on IT Audit (WGITA)
- Membership of various INTOSAI Standing Committees & Working Groups
- We also developed and maintain an electronic tool, called the INTOSAI Collaboration Tool (ICT), which is the work bench of INTOSAI and can be used by a group for working on common projects from their own locations.

### INTOSAI Knowledge Sharing Committee

SAI-India chairs the Knowledge Sharing Committee (KSC), which includes members from the Working Groups and Task Forces under Goal 3. It has a Steering Committee which comprises the chairs of the Working Groups and the Task Force, the editor of the International Journal of Government Audit and six observers. The KSC main committee has 104 members and three observers. While the steering committee meets every year, the main Committee meets triennially in conjunction with the INTOSAI Congress.

#### **4<sup>th</sup> Steering Committee meeting of the INTOSAI Knowledge Sharing Committee, 25-26 September 2012, Luxembourg**

The 4<sup>th</sup> meeting of the Steering Committee of the INTOSAI Knowledge Sharing Committee (KSC) was hosted by the European Court of Auditors from 25 to 26 September, 2012. The meeting was presided over by Mr. Vinod Rai, Comptroller & Auditor General of India and the Chairman of the KSC.



The meeting was inaugurated by Mr. Vitor Caldeira, President of the European Court of Auditors and was attended by the delegates from 11 member SAIs. The members collectively reviewed the progress achieved by the Working Groups and Task Forces in relation to programmes and activities undertaken by them in tandem with the updated INTOSAI Strategic plan 2011-2013. The aim of the meeting was to focus on management of the diverse audit methodologies as strategic assets and encouraging their sharing amongst SAIs.



**12<sup>th</sup> meeting of the Steering Committee of INTOSAI Working Group on Environmental Auditing and meeting of the Sub-Committee of Global Training Facility from 2 to 6 October, 2012 at Jaipur, INDIA**

SAI-India hosted the 12<sup>th</sup> meeting of the Steering Committee of INTOSAI Working Group on Environmental Auditing (WGEA) and meeting of the Sub-Committee of Global Training Facility (GTF) at Jaipur, India from 2<sup>nd</sup> to 6<sup>th</sup> October, 2012.

The representatives from the SAIs of Estonia, Finland, India and Norway met On 2<sup>nd</sup> October 2012 to discuss the upcoming Global Training Facility (GTF) at Jaipur i.e. International Centre for Environmental Audit & Sustainable Development (iCED).



Mr. Vinod Rai, Comptroller and Auditor General of India inaugurated the 12<sup>th</sup> meeting of the Steering Committee of INTOSAI Working Group on Environmental Auditing (WGEA) on 4<sup>th</sup> October 2012 and welcomed all participants to Jaipur, India. The meeting was held from 4<sup>th</sup> to 6<sup>th</sup> October, 2012 and was attended by the delegates from 13 member SAI countries.



The Steering Committee discussed the following topics:

- Rio+20 project and information about the UNEP World Congress
- Process of developing WGEA guidance material & research paper
- Auditing Water issues
- Fraud and Corruption
- Environmental & Sustainability reporting
- Land use and Management practices
- Wildlife Conservation & Tourism
- Work Plan 2014-2016 of WGEA, etc.



SAI-India organised an Environmental Excursion to historical Amber Fort and the iCED on the 3<sup>rd</sup> October 2012 for the Steering Committee participants. The Steering Committee Members were apprised about the salient features of iCED.

### **INTOSAI Governing Board meeting**

The last meeting of the INTOSAI Governing Board was held at Chengdu, China from 20 to 21 November 2012. The next Governing Board meeting will be held in Beijing, China on 22<sup>nd</sup> October 2013 i.e. in conjunction with XXI INCOSAI.

### **B. ASOSAI**

The Asian Organisation of Supreme Audit Institutions (ASOSAI) is one of the seven regional working groups of INTOSAI. It was established in 1978 and became functional in 1979 with its first assembly in New Delhi. Its present membership stands at 45. India is a charter member of ASOSAI.

The last (XII) ASOSAI Assembly was held in Jaipur, India in February-March 2012. Besides the 1979 and 2012 Assemblies, India also hosted the 6<sup>th</sup> Assembly in New Delhi in 1994.

The CAG of India is the Chairman of ASOSAI by virtue of being the host of the last Assembly held in Jaipur in 2012. We will continue to be on the Governing Board of ASOSAI till 2018 (from 2012 to 2015 as Chair of ASOSAI and from 2015 to 2018 as outgoing Chair).

As the editor of ASOSAI Journal of Government Audit, we publish the ASOSAI Journal twice a year.

### **C. GLOBAL WORKING GROUP**

A Global Working Group (GWG) of 18 SAIs was set up in 2000 as an informal forum of the Heads of the member SAIs to discuss matters of mutual concern and to share information and best practices among themselves. Presently, it has 19 members. The 13<sup>th</sup> Global Working Group meeting was held at Stockholm, Sweden from 08 to 10 May 2012. We also maintain the GWG website.

### **D. AUDIT OF INTERNATIONAL ORGANISATIONS**

As on date, SAI-India is the External Auditor of the following Organizations:

1. World Food Programme (WFP) [July 2010 to June 2016]
2. International Organization for Migration (IOM) [July 2010 to June 2016]



3. World Intellectual Property Organization (WIPO) [July 2012 to June 2018]
4. International Atomic Energy Agency (IAEA) [July 2012 to June 2014]
5. UN World Tourism Organization (UNWTO) [2000 onwards]

Financial/Certification, Performance and Compliance audits of the above UN Agencies/International Organizations (except for UNWTO) are conducted every year. In respect of UNWTO, only a financial audit is conducted. For the year ended December 2012, all audits have been carried out and audit reports have been approved by the CAG.

#### **Panel of External Auditors of United Nations and its Technical Group**

The External Auditors of UN (Members of the Board of Auditors) and its Specialized Agencies constitute the “Panel of External Auditors of the United Nations”. The Panel meets once a year to address issues of developments in accounting/auditing practices worldwide. We have been a member of the Panel since 1993, by virtue of being the External Auditor of UN or its specialized agencies. CAG chaired the Panel from December 2011 to December 2013; and Director General (IR) held the position of Convener of the Technical Group of the Panel during the same period.

#### **E. BILATERAL RELATIONS WITH OTHER SAIs**

We have MoUs with 15 countries viz., Bhutan, Brazil, China, Kuwait, Maldives, Mongolia, Poland, Russia, Venezuela, Oman, Afghanistan, Vietnam, Cambodia, South Africa and Iran. Regular bilateral exchanges like training programmes, secondments, workshops etc were held with these countries.



**Annex I**  
**Organizational Chart as on 31 March 2013**  
**Comptroller and Auditor General of India**

Secy-to-CAG

<b>1. Deputy Comptroller &amp; Auditor General</b> (Administration & Staff)	DG (Inspection) DG (SMU) DG (Training) DG (IR) DG (Staff) DG (PPG) DG (HQ)	PD (IS & IT) PD (Exam) PD (Rajbhasha) Pr. Legal- Advisor Media Advisor	AC (P) AC (N) Director (P) Director (IR) Director (Works)	
<b>2. Deputy Comptroller &amp; Auditor General</b> (Defence, Railways & P & T Audit)	DG (Railways) DG (Railway Board Audit) DG (Defence & Communication)			
<b>3. Deputy Comptroller &amp; Auditor General</b> (Commercial & Chairperson Audit Board)	DG (Commercial-I) PD (Commercial)	DG (Commercial-II)		
<b>4. Deputy Comptroller &amp; Auditor General</b> (Report Central and Local bodies)	DG (RC) Statistical Advisor	PD (RC) PD (LB & AB)		
<b>5. Deputy Comptroller &amp; Auditor General</b> (Government Accounts, Central Revenue Audit and Chairman GASAB)	DG (GA) PD (GA) PD (GASAB-I) PD (GASAB-II) PD (GASAB-III)	DG (CRA) PD (CRA) PD (Customs) PD (ST) PD (CX)		
<b>6. Additional Deputy Comptroller &amp; Auditor General</b> (Eastern Region)	DG (ER) <b>4 States:</b> Tamilnadu & Pudducherry, Andhra Pradesh, Odisha & West Bengal		PD (ER)	
<b>7. Additional Deputy Comptroller &amp; Auditor General</b> (Central Region)	DG (CR) <b>5 States:</b> Uttar Pradesh, Bihar, Jharkhand Madhya Pradesh & Chhattisgarh		PD (CR)	
<b>8. Additional Deputy Comptroller &amp; Auditor General</b> (Western Region)	DG (WR) <b>6 States:</b> Rajasthan, Gujarat, Maharashtra, Goa, Karanataka & Kerala		PD (WR)	
<b>9. Additional Deputy Comptroller &amp; Auditor General</b> (North Eastern Region)	DG (NER) <b>8 States:</b> Manipur, Mizoram, Meghalaya, Nagaland, Tripura, Arunachal Pradesh, Assam & Sikkim		PD (NER)	
<b>10. Additional Deputy Comptroller &amp; Auditor General</b> (Northern Region)	DG (NR) <b>6 States:</b> Delhi, Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Punjab & Haryana		PD (NR)	
<b>Note:</b> Field Offices are headed by the officers of the designation of DG/PAG/PD/AG and they report to the concerned DAIs/ADAs.				



## Annex II

### 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 Union Territory of Chandigarh is covered by Director General of Audit, Central, Chandigarh. Audit of 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 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
4. Director of External Audit, Rome, Italy
5. Director of External Audit, Geneva (*Since closed in July 2012*)

**II 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

### III 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

#### **IV Training Institutes**

1. Director General, National Academy of Audit & Accounts, Shimla
2. Director General ,International Centre for Information Systems & Audit, Noida (U.P.)
3. Internal Centre for Environment Audit & Sustainable Development, Jaipur
4. Principal Director, Regional Training Institute, Allahabad
5. Principal Director, Regional Training Institute, Chennai
6. Officer on Special Duty, Regional Training Centre, Hyderabad



7. Principal Director, Regional Training Institute, Jaipur
8. Principal Director, Regional Training Institute, Jammu
9. Principal Director, Regional Training Institute, Kolkata
10. Principal Director, Regional Training Institute, Mumbai
11. Principal Director, Regional Training Institute, Nagpur
12. Principal Director, Regional Training Institute, Ranchi
13. Principal Director, Regional Training Institute, Shillong
14. Regional Training Centre, Bengaluru\*
15. Regional Training Centre, New Delhi\*\*

*\*under the charge of Pr. Director of Audit, South Western Railway, Hubli, Bengaluru*

*\*\* under the charge of Director General of Audit, Central Expenditure, New Delhi*



Annex III

Comptroller and Auditor General of India						
	Top Management	Senior Management	Middle Management	Operational Management	Audit & Accounts Staff	Multitasking Staff
<b>CAG Office</b>	Deputy Comptroller and Auditor Generals, Additional Deputy Comptroller and Auditor General	Directors General/ Principal Directors	Directors, Deputy Directors	Senior Administrative Officers (Sr. AOs)/ Administrative Officers (AOs), Assistant Administrative Officers (AAOs), Supervisors	Senior Auditors, Auditors, Clerks, Hindi Translators, IT Staff, Secretarial Staff etc.	Record Keepers, Peons, Drivers etc.
<b>Audit &amp; Accounts Offices</b>		Principal Accountants General/ Accountants General (Audit/A&E), Directors General/Principal Directors	Sr. Deputy Accountants General, Deputy Accountants General	Senior Audit Officers, Senior Accounts officers, Audit Officers, Accounts Officers, Assistant Audit Officers, Account Officers, Assistant Accountants General, Assistant Directors	Senior Auditors/ Senior Accountants, Auditors/ Accountants, Clerks, Hindi Translators, IT Staff, Secretarial Staff etc.	Record Keepers Peons, Drivers etc.
<b>Training Academies &amp; Institutes</b>		Directors General/ Principal Directors	Directors, Deputy Directors	Senior Audit Officers/ Senior Accounts Officers, Audit Officers/ Accounts Officers, Assistant Audit Officers/ Assistant Accounts Officers, Supervisors	Senior Auditors/ Senior Accountants, Auditors/ Accountants, Clerks, Hindi Translators, IT Staff, Secretarial staff etc.	Record Keepers, Peons, Drivers etc.



**ABBREVIATIONS**

A&E	Accounts and Entitlements
AC	Abstract Contingent
ADAI	Additional Deputy Comptroller and Auditor General of India
AFROSAI	African Organization of Supreme Audit Institutions
AG	Accountant General
AOPs	Association of Persons
ARABOSAI	Arab Organization of Supreme Audit Institutions
ASSOCHAM	Associated Chambers of Commerce and Industry of India
ASOSAI	Asian Organisation of Supreme Audit Institutions
AST	Abstract Syntax Tree
ATNs	Action Taken Notes
BHEL	Bharat Heavy Electrical Limited
CA	Chartered Accountant
CAG	Comptroller and Auditor General of India
CAROSAI	Caribbean Organization of Supreme Audit Institutions
CBC	Capacity Building Committee
CBDT	Central Board of Direct Taxes
CBEC	Central Board of Excise and Customs
CCS	Central Civil Services
CENVAT	Central Value Added Tax
CFE	Certified Fraud Examiner



CIA	Certified Internal Auditor
CII	Confederation of Indian Industry
CISA	Certified Information System Auditor
CCI	Competition Commission of India
COPU	Committee on Public Undertakings
DAI	Deputy Comptroller and Auditor General of India
DDO	Drawing and Disbursing Officer
DEOs	Data Entry Operators
DG	Director General
DPC	Duties, Powers and Conditions of Services
DRAAO	Direct Recruit Assistant Audit Officer
DTC	Direct Taxes Code
ECOSOC	Economic and Social Council
EUROSAI	European Organization of Supreme Audit Institutions
FAC	Finance and Administration Committee
FICCI	Federation of Indian Chambers of Commerce and Industry
GA & CRA	Government Accounts & Revenue Audit
GASAB	Government Accounting Standards Advisory Board
GOI	Government of India
GPF	General Provident Fund
GTF	Global Training Facility
GWG	Global Working Group
IAAD	Indian Audit and Accounts Department



IA&AS	Indian Audit and Accounts Service
IAEA	International Atomic Energy Agency
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
ICT	INTOSAI Collaboration Tool
iCED	International Centre for Environment Audit and Sustainable Development
iCISA	International Centre for Information Systems and Audit
ICWA	Institute of Cost and Works Accountants
IIA	Institute of Internal Auditors
IIFCL	India Infrastructure Finance Company Limited
IGASs	Indian Government Accounting Standards
IGFRS	Indian Government Financial Reporting Standards
IMLI	International Maritime Law Institute
IMO	International Maritime Organisation
INCOSAI	International Congress of Supreme Audit Institutions
INTOSAI	International Organisation of Supreme Audit Institutions
IOM	International Organisation of Migration
IOC	Indian Oil Corporation
IR	Indian Railways
IRs	Inspection Reports
IR Division	International Relations Division
IRCTC	Indian Railway Catering and Tourism Corporation Limited



IRLA	Individual Running Ledger Account
IS	Information Systems
ISSAI	International Standards of Supreme Audit Institutions
IT	Information Technology
ITD Applications	Income Tax Department Applications
IVRS	Interactive Voice Response System
KRA	Key Result Area
KSC	Knowledge Sharing Committee
LB	Local Bodies
MAB	Members Audit Board
MAT	Minimum Alternate Tax
MIS	Management Information System
MoU	Memorandum of Understanding
MRP	Maximum Retail Price
MSO	Manual of Standing Orders
MTS	Multi-Tasking Staff
NAAA	National Academy of Audit and Accounts
NBFC-IFC	Non-Banking Financial Company- Infrastructure Finance Company
NIC	National Informatics Centre
NTPC	National Thermal Power Corporation
OECD	Organisation for Economic Co-operation and Development



OFB	Ordnance Factory Board
ONGC	Oil and Natural Gas Corporation
OLACEFS	Organization of Latin American and Caribbean Supreme Audit Institutions
OLTAS	On-line tax Accounting system
PAsG	Principal Accountants General
PASAI	Pacific Association of Supreme Audit Institutions
P&T	Post and Telecommunications
PAC	Public Accounts Committee
PAO	Pay and Accounts Office
PPG	Professional Practices Group
PSC	Professional Standards Committee
PSUs	Public Sector Undertakings
RBI	Reserve Bank of India
RTC	Regional Training Centre
RTI	Regional Training Institute
SAI	Supreme Audit Institution
SAIL	Steel Authority of India
SAS	Subordinate Audit/Accounts Service
SMS	Short Messaging Service
SMU	Strategic Management Unit
TDS	Tax Deducted at Source
UN	United Nations



UNBOA	UN Board of Auditors
UNEP	United Nations Environment Programme
UEMOA	West African Economic and Monetary Union
UNWTO	World Tourism Organisation
USA	United States of America
USO Fund	Universal Service Obligation Fund
UTs	Union Territories
VAT	Value Added Tax
VLC	Voucher Level Computerisation
VOIP	Voice over Internet Protocol
VPN	Virtual Private Network
WFP	World Food Programme
WGEA	Working Group on Environmental Auditing
WGITA	Working Group on Information Technology Audit
WHO	World Health Organisation
WIPO	World Intellectual Property Organisation
WMU	World Maritime University

