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## Organisation of C&AG

The organisation that C&AG heads is known as Indian Audit and Accounts Department (IA and AD) which is his arm for carrying out the duties and responsibilities entrusted to him. While C&AG is a Constitutional Authority, all others working in the IA and AD are governed by service conditions applicable to their counterpart civilian Government employees. However, the C&AG is required to be consulted prior to issue of any instructions that affect existing service conditions or introduction of any new conditions of service. In the Headquarters of IA and AD, there are three posts of Deputy Comptroller and Auditor General (DAI)—all equivalent to Secretary to Government of India—of these posts, two viz. DAI and DAI (Commercial) existed prior to 1990, while a third post of DAI was created in December 2001. This post was created on the initiative of the then C&AG V.K. Shunglu who processed this post due to the momentous role cast upon the C&AG for the audit of and accounting of Panchayati Raj Institutions (PRIs). The Additional Deputy Comptrollers and Auditor General (ADAI), numbering 6 at present, are functionally at the same level as DAIs and report directly to the C&AG. These 9 officers constitute C&AG's senior management team.

The office of the C&AG with its Headquarters at New Delhi is a vast organization being the single audit authority for the Central, State and Union Territory Governments and with its new role as the auditor of local bodies. As a result, his offices are located all over the country, in every State, Union Territory and in the headquarters of the functional areas of his audit like Railways, Defence, Commercial, and Post and Telecommunications. In 1990—the starting period of this compilation—the C&AG had 172 field offices. This included 97 headed by Principal Accountants General/

Principal Directors/Director Generals i.e. HOD level offices. There were 69 branch offices and 6 offices headed by Sr.DAG/DAG. During the year 2005–06, there were 219 such offices consisting of 136 HOD level offices and 83 branch offices. Besides there were 461 Resident Audit offices including Divisional audit offices, Construction audit offices, Store audit offices etc. (for Railway Audit offices) and branch offices for defence audit offices and commercial audit offices.

An Organisational Chart of the IA&AD is annexed.

Following is the functional break-up of C&AG's organization in relation to field formations.

#### CIVIL AUDIT OFFICES

There are five offices auditing the accounts of Union (Civil) Ministries and 41 HOD level offices in various states. In addition, there are 16 field offices headed by Sr. Deputy Accountants General for audit of local bodies in states.

#### A&E OFFICES

There are 20 offices of Accountants General (A&E) in various states. In addition, there are six offices of Sr. Dy. Accountants General (A&E) in some of states.

#### P&T AUDIT OFFICES

P&T Audit is conducted by Director General Post and Telecommunications, Delhi who has 16 branch offices at various stations.

#### RAILWAY AUDIT

There are 17 Pr. Directors of Audit conducting the audit of Indian Railways.

#### DEFENCE AUDIT OFFICES

There are three HOD level offices for carrying out the audit of Ministry of Defence, Services Headquarters and Ordnance Factory organization. Two of these offices are located at New Delhi and one at Kolkata.

### COMMERCIAL AUDIT OFFICES

There are 12 offices of Pr. Directors of Commercial Audit and ex-officio Member Audit Board (MAB). These offices audit various Central Government companies and corporations. The State offices, called office of Accountant General or Principal Accountant General (Audit), conduct audit of State Government Companies and Corporations.

### OVERSEAS AUDIT OFFICES

There are two permanent offices of Pr. Directors of Audit at London and Washington. The office at London carries out audit of accounts of High Commissioner for India in London and Missions and posts in Europe except the Missions in Turkey and Cyprus. They also audit missions in former CIS States. The office in Washington conducts the audit of accounts of Embassy of India, Washington, its supply wing and all Missions and Posts in North, South and Central America. Audit of Embassies in other countries is organized by Director General of Audit Central Revenues New Delhi by deputing audit teams to these countries. In addition, there are two temporary offices one at Rome for the audit of Food and Agricultural Organization and the other at Geneva for the audit of World Health Organization.

### NATIONAL ACADEMY OF AUDIT AND ACCOUNTS; REGIONAL TRAINING INSTITUTES, ETC.

National Academy of Audit and Accounts is located at Shimla for training of IA&AS officers. There are nine RTIs at various stations for training of other staff. There is an International Centre for Information Systems and Audit (iCISA) at Noida which is also the International Training Centre of the C&AG of India.

### STAFF STRENGTH

IA&AD employed 60,352 persons in October, 1990 and in August, 2007 this number was 50,994. The following table reveals the category-wise position of offices and staff:

Year	Men-in-position		
	1990	2005	2007
IA&AS Officers (including other Group 'A' officers)	479	455	616 (as on 1 August, 2007)
Senior Audit Officers/ Audit Officers and equivalent	4,322	4,503	4635
Section Officers/ AAOs officers and equivalent	10,412	11,148	11506
Senior Auditors/ Auditors/ Clerks and equivalent	37,081	29,890	28539
Stenographer	805	729	543
Group 'D' officials	5,933	4,803	4166
Record Keeper etc.	1,320	3,397	989
<b>Total</b>	<b>60,352</b>	<b>54,925</b>	<b>50994</b>

In 1990 the Audit stream had 34,716 persons and the A&E offices had 24,212 persons on their rolls. In 2005, these figures were 30,055 and 23,498 respectively.

A remarkable feature has been the significant decline in the total manpower of the organization in 2007 as compared to what it was in 1990. This should be viewed against the back drop of the fact that during the intervening years, the C&AG has been entrusted with several additional functions (without shedding any of the original tasks). This reduction reflects a conscious decision not to go in for direct recruitment till the new processes, consequent on the substantial computersiation including the VLC that has taken place in the Department, are further streamlined for which a work norms study is currently on. The additional work load on the C&AG's organization during this period is exemplified by developments such as creation of 17 independent offices to deal with the audit and accounting functions of local bodies, creation of 7 more HOD level offices as a result of creation of new railway zones, 3 new AG offices due to reorganization of offices in 3 States consequent to carving out of new States from them. Also, some new AG level offices were created by breaking up existing AG offices which was catering to more than one State. Besides these, new audit functions, which hitherto did not exist, devolved on the C&AG like audit of a considerable number of privatizations carried out, audit of about 5 or 6 regulatory bodies created during this period, vast expansion in the IT audit field and new role in audit of Local Bodies. All these functions were carried out by the

C&AG with the help of available manpower resources—in fact the existing strength itself was getting depleted.

It must be said, in passing, that it would have been perhaps difficult to cope up with reduced work force carrying out a larger work load but for three developments that helped in this process:

One was the induction of VLC for accounts compilation which automated several accounting operations. This has created scope for manpower savings in A&E offices which can be tapped for redeployment. The exact creation of such savings is currently the subject matter of a study by a Task Force of the Department.

Two, introduction of a vast network of computers in all offices added to the speed and efficiency in work methodology across the offices of the department.

Third, the audit system, which was earlier bound by an inflexible regime of prescribed quantum of checks and periodicity of audits, was loosened after September 1994 orders on Audit Planning. These orders gave freedom to the Accountants General to plan their audit in terms of their resources and priorities of audit thereby eliminating the concept of arrears in audit. This was made further flexible by refinements in auditing techniques like induction of risk based audit and scientific statistical sampling which gave the Department better quality assurance in their audit without committing large work force that was thinly spread across various small audits.

## BUDGET

The comparative picture of budget provision for IA&AD depicting the position in 1990–91 and in 2005–06 is given below:

Category of Expenditure	(Rs. in crore)	
	1990–91	2005–06
Charged <sup>1</sup>	5.08	38.51
Voted	258.47	1,184.21
<b>Total<sup>2</sup></b>	<b>263.55</b>	<b>1,222.72</b>

Even though the budget of the IA&AD, like all other Departments/ Ministries of Government of India is finally to be approved by Finance Ministry, a very healthy convention has been built, whereby the Finance Ministry, generally does not interfere much in the Department's Budget. A practice of prior consultation

(informal) followed by a formal meeting of the Budget Officer of IA&AD with Secretary (Expenditure) exists when final figures are approved. There has not been a situation where a budgetary cut of significance has been imposed unilaterally by the Ministry of Finance. True, the IA&AD, in the tradition of being a very conservative and disciplined organisation in financial matters, has often, on its own, imposed budgetary curbs on the basis of Government of India orders on economy except where departmental key functions are at stake. For example, Travel Expenditure is an item that is vital to the functioning of the IA&AD, as audit functions involve vast travelling to the auditee offices for on-site audit—which is the major type of audit conducted. As a reduction in Travel Expenditure would greatly hamper the audit function, C&AG does not generally place curbs on the provision for Travel Expenditure because that would involve grounding of field parties.

#### BUDGET MONITORING AND CONTROL OVER EXPENDITURE

A beginning was made in 1993 to monitor the Budget through a computer based system to generate various managerial reports for effective monitoring of budget utilisation and expenditure in all the offices of IA&AD. The Budget Information System had the option of transferring data through floppy eliminating data entry at Headquarters. This system also facilitated the user to present the data in graphics mode such as pie diagrams, bar charts, etc. The Budget Expenditure Information System was upgraded and modified in 1998 by providing the users in field offices the facility of entering the monthly expenditure and probable expenditure figures. It provided extensive validation checks at the time of data entry. The package provided a module for taking back-ups at any point of time. It prepared a floppy for sending the same to Headquarters Office. The number of records and total amount were also stored in a file for reconciliation at Headquarters. It was further modified and designed as a Web-based System in January 1999 to enable the field offices of IA&AD to enter expenditure details from their offices itself using the Internet facility. This web based computerised system provided several inputs for effective monitoring of budget utilisation and expenditure in all the offices of IA&AD. Also, this system generated various managerial reports for the purpose of decision making.

### H.R. POLICY

As the IA&AD is essentially a knowledge based department its greatest asset is its work force. The HR Policy, therefore, becomes central to the organisation's development. Broadly, the H.R. Policy would cover recruitment, training, deployment of staff and opportunities, in general, afforded to the manpower to develop themselves and their skills in a congenial work place.

Changes in HR Policy became pronounced after the 2001 Accountants General's Conference where the subject was discussed under the caption 'Change Management' and several important recommendations made. The Conference made, among others, the following major recommendations :

1. Provide for promotions to IA&AS at an early age, based on Limited Competitive Examination conducted by the UPSC annually.
2. A system of secondment to private sector professional firms or to other SAIs may be considered for improving the portfolio of captive skills available to the Department.
3. Developing synergies with IGNOU or other Open Universities to impart training to our staff so as to enable them to obtain formal qualifications that are professionally relevant.
4. Review the role of UDCs (read auditor) in the Audit Offices. The recommendation was to reduce recruitment at lower level below Section Officer.
5. Recruitment Rules to be changed to provide for direct recruitment of SOs with knowledge of accounting and computers. Experts and Consultants may be inducted on contractual basis in areas where there are competence gaps and the powers to engage them may vest with functional ADAI in consultation with Budget Division.
6. On building up competence, the suggestion was that the career planning for direct recruit IA&AS through the initial 20 years may be done in the following manner :
  - (i) First 2 years to work as AAG in an Accounts Office holding charge of VLC.
  - (ii) After this, as DAG a stint of 4 to 5 years in Civil Audit Office to be mandatory.

- (iii) After 9 years of service officers may be posted to Headquarters, NAAA or released for deputation.
  - (iv) After becoming Sr. DAG in the field offices, they will be posted to other functional areas of Audit viz. Receipt, Railway, Commercial, P&T, Defence and Administration etc. And finally, it was recommended that Managerial training before being promoted to the AG level will be very useful and for this purpose training at IIM Bangalore may be continued. It was further suggested in this meeting that officers should have had worked as AG of the State for minimum duration of 2 years before being considered for posting to Headquarters.
  - (v) It was also suggested that promoted officers should be better used and they would be more motivated if retained in the area of their specialisation.
7. The Conference also recommended financial assistance to officers for undertaking professional courses. On audit practice, it suggested that best practices in auditing be adopted and a code of ethics should be adopted based on the INTOSAI code of practice with appropriate modifications. It was also suggested that audit may be centrally driven by Addl. Dy. C&AGs in their functional areas.
8. Risk assessment particularly with respect to fraud should be made a regular part of C&AG audits.

This subject acquired a prominent place in discussions in C&AG Shunglu's tenure and some major decisions were taken during present C&AG V.N. Kaul's tenure. He took several steps towards formulating a comprehensive H.R. Policy as explained below. The process is still on.

#### HUMAN RESOURCES COMMITTEE

C&AG set up a Human Resources Committee in January 2004 for a 'fundamental review' of the organisational structure of the Department to see if any changes were required in order to fulfil the objectives of the Perspective Plan of the Department. The Plan had, under the group 'Human Resource Management' set a goal for formulation of a Human Resource strategy that addressed recruitment, promotion and staff evaluation issues. It had given detailed guidelines on recruitment, promotion and on



professionalisation, re-deployment and motivation. The Accountant's General Conference of 2005 had also conducted a review on Human Resource Management in the context of Perspective Plan provisions.

The Human Resources Committee under the Chairmanship of DAI gave its Report in April 2004 and after studying various aspects of the Perspective Plan identified 5 areas where it thought organisational changes would be required to achieve the goal set out in the proposed Perspective Plan. These areas were:

- ❖ Performance Audit
- ❖ Audit of Local Bodies
- ❖ Information Technology
- ❖ Training
- ❖ Human Resource Management

On Performance Audit, the Committee suggested formation of a Core Group of persons in each Audit Office for specialisation in Performance Audit. The Committee also listed out jobs for which the Group Officers should be made responsible like creation of data base, studying the previous Inspection Reports, selection of topics, deciding on fast track interaction with the Government, providing inputs and finalising the Audit Reports. It also recommended that in the beginning RTI, Mumbai and iCISA should be the Training Centres for the Core Groups in Performance Audit.

Its second focus area was audit of local bodies where Committee said that a separate office for audit of PRI and LBs should be formed which will be manned by staff from Accounts & Entitlement (A&E) as well as Audit Offices on deputation basis. It also recommended that surplus staff in A&E offices would need to be identified. It suggested that training courses should be organised at RTIs for the staff to be deployed on this work.

With regard to Human Resource Management, the Committee made following further recommendations:

- (i) 20 per cent of the vacancies in the IA&AS as notified to the UPSC should be reserved for fast track promotion.
- (ii) For posting at Headquarters every IA&AS officer should have completed minimum 8–10 years in the Department.
- (iii) The Committee did not favour necessity for setting up an independent Human Resource unit because most of the salient points in Human Resource Management had

already been decided and were under implementation by different functional groups.

#### RECRUITMENT RELATED ISSUES

A decision was taken in 1993–94 that in view of economy instructions, issued by the Government of India from time to time and the ban imposed on creation of new posts, no new post in Group 'B', 'C' and 'D' cadre (except in the cadre of Section Officer) be sanctioned. A number of posts in these cadres were abolished in 2004 (1,957) and 2007 (4,300). A temporary general ban on direct recruitment to all the posts of Auditors/ Accountants/ Clerks is applicable since the year 2003 and in respect of Group 'D' since 2004. Only in respect of Section Officers, direct recruitment is being done in deficit offices.

#### CREATION OF EDP POSTS

A significant step towards computerisation in the IA&AD was creation of EDP related posts in the Department. The EDP posts were sanctioned in the field offices of IA&AD from the year 1994. Draft Recruitment Rules for non-gazetted EDP posts of Data Entry Operator, Console Operator and Sr. Console Operator and copies of model syllabus (question papers) for aptitude and skill test were circulated vide DAI's D.O. of February 1994.<sup>3</sup> The draft Recruitment Rules for Gazetted EDP posts of Data Processor, Sr. Data Processor and Data Manager and copies of the model syllabus for aptitude test and skill test were circulated vide DAI's D.O of March 1994. To make the syllabus of EDP posts more useful to the needs of the department as well as to rationalize the departmental examinations for EDP posts, the existing syllabus and departmental examinations etc. of EDP posts was revised vide C&AG's circular of December 2003.

#### ANNUAL DIRECT RECRUITMENT PLAN

In terms of the Department of Personnel and Training OM of May 2001 and June 2002, all the Ministries and Departments are required to prepare an annual recruitment plan for the ensuing year to fill up direct recruitment posts in Group 'B', 'C' and 'D' cadres. Information on this is called from the subordinate/ attached offices and quantum of direct recruitment to be made against each post or cadre is decided by a Screening Committee at the Ministry.

From 2003 onwards, IA&AD is, on the line of Govt. of India's orders regarding 'Optimization of Direct Recruitment to Civilian Posts', calling for the Annual Direct Recruitment Plan from field offices in Headquarters and taking decision here regarding the quantum of recruitment by each office. Accordingly, an annual recruitment plan for the year 2003 was received in the Headquarters from field offices and it was decided that during the year 2003, no direct recruitment to Group 'C' post was to be made, only exceptions being recruitment on compassionate grounds and recruitment of staff car drivers. Recruitment to Group 'D' posts was allowed to be made on case to case basis where the vacancy position was acute. Subsequently, the Department has issued formal instructions in October 2006 regarding outsourcing the duties and functions of Group 'D' cadre. Similarly, in the case of clerical cadre, new recruitment is restricted to EDP posts.

#### DAI'S COMMITTEE

In January 2003, C&AG constituted a Committee consisting of three DAIs to examine the under mentioned issues and make recommendations thereon:

- ❖ Qualifications for direct recruitment of Section Officers and Clerks which will include (a) feasibility of prescribing a minimum qualification in computers for Clerks and (b) desirability of prescribing Bachelor's Degree in Commerce as a minimum qualification for all directly recruited Section Officers.
- ❖ Filling up of vacancies in the cadre of Section Officers (SOs)/ Assistant Audit Officers (AAOs) in Civil Audit Offices : (a) Desirability of permanently absorbing SOGE passed staff from A&E offices in Audit Offices and (b) filling of vacancies through direct recruitment.
- ❖ Balancing of surplus manpower in the A&E and Commercial audit offices attributable to computerization, disinvestment and closure of public sector undertakings.

The Committee recommended revised qualifications for direct recruitment to various posts in Group 'B' (non-gazetted) and Group 'C' in the Department. These included:

- (i) enhanced qualifications for direct recruitment for clerical cadre, for whom apart from Senior Secondary School Examination,

diploma in computer applications from recognised institutes was added as essential qualification, for Accountant cadre, qualifications recommended included a B.Com degree or BBA degree or a graduate with Economics or Statistics as a subject. A graduate other than in these disciplines was eligible only if he had a professional qualification like CFA or Intermediate in CA, ICWA, etc. Similarly, for auditor's cadre, the same qualifications as for the Accountant's cadre were prescribed. For Section Officers (Civil), a M.Com degree or Graduate with professional qualification like CFA, CA, etc. or MBA was prescribed. For Section Officers (Commercial), the essential qualifications recommended were same i.e. M.Com or graduate with CA, ICWA, CS or B.Com with CFA or MBA with specialization in finance.

- (ii) The Committee also recommended improvements in compensation package distinct from that applicable to corresponding posts in the Central Government "to attract and retain more professionally qualified personnel". An important recommendation made was that it might not be desirable to absorb in Audit office, SOGE passed staff awaiting promotion in the A&E offices, and for this purpose the Committee recommended a dispensation for personnel of A&E office to appear in the Civil Audit branch of SO Grade Examination for their eventual absorption in Civil Audit offices.

The Committee was in favour of the continuing the direct recruitment in the Section Officers cadre in deficit offices. Regarding the surplus manpower in A&E offices, the Committee came to the conclusion that redeployment of such surplus manpower as identified by individual offices may be considered on case to case basis. However, the Committee could not come to any definite conclusion about surplus manpower existing in Commercial audit offices as a result of disinvestment exercise of the Government.

#### FOLLOW UP OF THE RECOMMENDATIONS

The amendment in the relevant Recruitment Rules is contemplated for incorporating enhanced qualifications for Group C posts and SOs posts. The Section Officer Grade Examination (Civil Audit) passed staff of A&E offices are being considered for permanent absorption as Section Officers in the deficit Civil Audit Offices.

### IDENTIFYING SURPLUS MANPOWER IN A&E AND COMMERCIAL AUDIT OFFICES

Regarding A&E personnel, the Committee said that due to absence of norms for determination of staff in the post VLC scenario, which were still to be worked out and notified, a precise quantification of such surpluses in A&E offices was not possible. It took note of the fact that, on ad-hoc basis, some surplus personnel, as identified by individual offices in the year 2002 were already utilised for audit of PRIs, ULBs, etc. The Committee found the position somewhat fluid in the Commercial Audit Offices. It desired Commercial Audit Wing in Headquarters to separately undertake this exercise.

A Task Force is looking into the issue of revising the existing work norms in the post computerisation scenario in the A&E offices.

### RE-STRUCTURING COMMITTEE

A Committee of DAIs also went into the restructuring required in IA&AD and after deliberating on the issue, made the following recommendations in January 2007:

- (i) Greater and more focused supervision by Group officers.
- (ii) Reorganization of the CASS wing and increasing the focus on audit of sanctions.
- (iii) Redeployment of the CAP wing on field duty.
- (iv) Increasing the number of trained audit parties in IT audit to keep pace with computerization at the auditee's end.
- (v) Setting up of a separate Autonomous Bodies wing in each big AG office.
- (vi) Introduction of a modified Controlling Office based audit in the Local Bodies Wing.

These recommendations made by Restructuring Committee were approved by C&AG. An important recommendation of this Committee was that restructuring in accounts (A&E wing) should be effected only after the BPR recommendation relating to work norms are implemented.

### DIRECT RECRUITMENT OF SOs

The direct recruitment through Staff Selection Commission commenced from 1991 and since then against the total requisition

for 2569 vacancies (upto 2005), a total of 2419 candidates were sponsored.

### EXAMINATIONS

IA&AD, being a department of professionals, has systems of examinations for promotions, grant of incentives and for confirmation in service. As of now, the following are some of the major examinations being conducted by the department for the purposes noted against each.

- (i) Sections Officers' Grade Examination
- (ii) Revenue Audit Examination for Section Officers/ Assistant Audit Officers
- (iii) Departmental Examination for Accountants/ Auditors
- (iv) Limited Departmental Competitive Examination for Clerks for promotion as Stenographer Ordinary Grade
- (v) Limited Departmental Competitive Examination for Matriculate Group 'D' Staff for promotion as Clerk
- (vi) Departmental Examination for Clerks in A&E Offices
- (vii) Incentive Examination for Senior Auditors/ Senior Accountants
- (viii) Incentive Examination for SOs/ AAOs of A&E offices

Section Officers Grade Examination (SOGE), earlier called SAS examination, is rated as a highly prestigious examination in Government Accounting and Auditing field. The Department had not, for a long time, revised the syllabus of this examination after 1984—the year restructuring took place in IA&AD. It was an outcome of this that a Committee was constituted in 1993 for revising the complete syllabus of SOGE but it came to the conclusion that there was no need for big 'shake up' and it recommended an additional paper on Computer Systems (Theory & practical) which got included for the SOGE held in November 2001. Some local papers relating to P&T Audit Branch also underwent revision in consequence of corporatisation of Department of Telecom Operations and Services into BSNL—a Government Company. In the Perspective Plan (2003–08) of IA&AD, as adopted in the XXII Accountant's General Conference and approved by the C&AG of India apart from other goals, was the revision of syllabus of SOGE. A comprehensive revision was accordingly carried out in the SOGE syllabus in January 2007 for application from the examination to

be held in November 2007. The examinations whose syllabus were revised included SOGE, Revenue Audit Examination for AAOs/ SOs and Incentive Examination for Auditors. Extensive revisions in syllabus were overdue and necessary in view of several important developments that took place in country's public policies affecting C&AG's scope of work and the new emphasis being accorded to more scientific techniques in Auditing like Risk—Based Audit and Statistical Sampling. Also Performance Audit techniques have undergone a paradigm change in techniques and content. The new syllabus taking into cognizance these factors has, amongst others, introduced, besides a paper on Performance Audit, a new paper on Statistics and Statistical Sampling.

The revision of syllabus for Departmental Examinations for Auditors/ Accountants is currently being attempted by a Committee of 3 Group Officers.

A decision was taken in October 1996, not to conduct the SOGE in offices where the officials who had passed SOGE upto November/ December 1994 batch were awaiting promotion as section officers. On that basis 22 such offices were identified and SOGE was stopped in these offices. In 1997, for the same reasons SOGE did not take place in the offices of AG (A&E)-I, Maharashtra, Mumbai, AG (A&E)-II, Maharashtra, Nagpur. In 1996, court cases were filed by eight offices of A&E against the decision of not conducting SOGE in their offices. The Hon'ble Court, however, refused to grant any stay. However, in 1997 when AG (A&E ) Maharashtra Nagpur candidates approached the Hon'ble Court, a stay was granted by the Court and candidates were allowed to appear in the examination. The matter is regularly reviewed and with the passage of time, gradual clearnace of backlog has taken place and the SOGE was restored in these offices. In 2006, due to stagnation in the promotion of SOGE passed officials in 16 A&E offices, the SOGE did not take place in these offices. There was however, no court case in any of these offices.

#### INCENTIVE SCHEME FOR HIGHER QUALIFICATIONS/ PROFESSIONAL QUALIFICATIONS

Incentives for acquiring higher or additional professional qualifications were prevalent in IA&AD since 1961. The normal mode of incentive was to give advance increments on acquiring higher qualifications.

In 1993, Government of India replaced the existing increment based incentives to lump-sum incentives. In pursuance of the recommendations of the Fourth Central Pay Commission, a Centralized Committee was constituted to draw a list of qualifications that would entitle sanction of lump-sum incentives, and also to lay down standard scales of incentives for each type of qualification. The grant of incentive in respect of the qualifications is subject to fulfilment of the criteria as mentioned in DOPT's OM dated 28 June 1993. The acquisition of the qualification should be directly related to the functions of the post held by him/her or to the functions to be performed in the next higher post. There should be a direct nexus between the functions of the post and the qualification acquired and it should contribute to the efficiency of the government servant. The quantum of incentive is uniform for all the posts irrespective of their classification or grade. No financial assistance is however, given to any one for pursuing these courses.

The Department in their circular of December 2000 brought out a list of all the qualifications eligible for grant of lump-sum incentives. The list contained eight courses viz. Intermediate and Final examination of the Chartered Accountants (CA), Cost & Works Accountants (ICWA), Company Secretary (CS), Chartered Financial Analyst (CFA), Post Graduate Degree/Degree/Post Graduate Diploma in Computer Science/Computer Application/Information Technology and Diploma or equivalent in Computer Science/Computer Application/Information Technology. These incentives were made applicable with effect from 9 April 1999 presumably because the DoPT in their OM of 9 April 1999 had brought out a fresh scheme of grant of lump-sum incentive on acquiring fresh qualifications on the basis of recommendations of Fifth Pay Commission.

XXI Accountants General Conference, acknowledging the rapid changes in audit environment made recommendations under Change Management for financial assistance to IA&AS officers for undertaking professional courses like Certified Information System Auditor (CISA), Certified Internal Auditor (CIA), Certified Fraud Examiner (CFE) etc. Based on these recommendations, a circular was issued in August 2001 granting reimbursement of registration fee and examination fee for undertaking these professional courses by the IA&AS officers after their probation period subject to certain conditions. The scheme was extended to Group 'B' and 'C' employees of IA&AD vide Headquarters circular of 31 October 2001 for certain professional courses.



## PROFICIENCY IN REGIONAL LANGUAGES IN THE IA&amp;AD

The C&AG's jurisdiction being across all the States and Union Territories in the country, the question of knowledge of local regional or official language of the States/ Union Territories concerned becomes a material factor specially in the case of IA&AS officers who are transferable to any state in the country and also in case of directly recruited Section Officers through the Staff Selection Commission who are eligible for posting to any Accountant General's office where vacancies exist. The issue of knowledge of regional language by the IA&AS officers was first voiced as far back as Baksi's time (1972 to 1978). But nothing concrete came out. The question was again discussed in the Senior Officers' Meeting during the time of C&AG, Shunglu and, as a result, in November 1999 C&AG's office issued instructions regarding incentive scheme for IA&AS Probationers for successful completion of language training in Accountants General offices. Under this scheme, the probationers, when they are posted to the office of Principal Accountant General/ Accountant General (A&E) for field training, are required to undergo training in regional language of that State and on acquiring proficiency or passing the examination duly recognised by a Board or University or Government are declared successful. Where such institutional arrangements do not exist, a test of knowledge in the regional language would be taken by the concerned Accountant General and on being successful they would be given an incentive of Rs.5,000/ Rs.4,000/ Rs.2,000 depending on the grades of proficiency they have achieved.

By this system, the IA&AS officers would hopefully acquire knowledge of atleast one regional language and when posted to the State of that language, it would help them very much.

The other category involved in this context, was directly recruited Section Officers who can be posted to any office across the country. While the first two competitive examinations in 1991 and 1993 were conducted by Staff Selection Commission on zonal basis but from 1997 onwards competitive examinations are conducted on All India basis. In both these cases, however, there are always chances that the candidate belonging to a particular state or region may get appointment in another State where the official language may be different from the language of the candidate. In the case of Civil Audit Offices, the cadre of Section Officers and Group 'B' is not transferable outside the State. A person working as Section Officer/ AAO or AO has to perform

extensive local audit inspection to check the records in the State Government's offices, practically all of these records in most of the States are in their local official language. Therefore, a good knowledge of regional language of the concerned State becomes necessary in the discharge of their duties. The Department, therefore, felt it necessary that such candidates acquired working knowledge of regional language of concerned State to properly discharge their duties. It was, therefore, decided that in the offer of appointment itself a clause should be added to the effect that during probation the candidates shall acquire knowledge of the official language of a State where they were appointed unless they already had passed an examination of at least matriculate standard in that language. In case, there were more than one language in use in the State, the probationers were required to learn the formally designated official language of the State. No such requirement, however, exists for persons posted to Audit Offices conducting audit of Central Government offices.

Since January 1999, the condition of passing the Regional Language Examination is also applicable in respect of those Group 'C' officials who join the department as a direct recruit.

#### ASSOCIATION MATTERS

Government of India, Ministry of Personnel, Public Grievances & Pensions, Department of Personnel and Training in November 1993 introduced CCS (RSA) Rules, 1993 restricting the membership of association to a distinct category of Government Servants having common interest.

In the IA&AD, a conscious decision was taken in consultation with DoPT in April 1995 to form Associations at the field level for various categories of employees. Three categories of employees on the audit side and four on the A&E side were identified for information of unit/field level Associations.

Category	A&E offices	Audit offices
I	AOs/Sr AOs	AOs/Sr AOs
II	SOs/AAOs	SOs/AAOs
III	Group 'C' & 'D'	Group 'C' & 'D'
IV	DAOs/DAs	-

Since enforcement of CCS (RSA) Rules, 1993, there are 232 number of Associations (as on 30th September, 2005) duly recognized which have been formed in the field offices of IA&AD. Details of these Associations are given as under:

Category	Audit Offices	A&E Offices	Total
SrAOs/ AOs—Category-I	31	17	48
AAOs/ SOs—Category-II	49	26	75
Gr.'C' & Gr.'D'—Category-III	70	27	97
DAOs/ DAs—Category-IV		12	12
<b>Total</b>	<b>150</b>	<b>82</b>	<b>232</b>

Earlier, the Department Council of the IA&AD had been set up under the JCM Scheme of Government of India. In the Departmental Council the Official Side had 10 members and the Staff Side had 16 members. The distribution of Staff Side seats was as under:

(i) All India Audit & Accounts Association	:	12
(ii) All India S.A.S. Association	:	02
(iii) All India Federation of Divisional Accountants Association	:	02
<b>Total</b>	<b>:</b>	<b>16</b>

At present, five duly recognised Federations are in existence in the IA&AD (recognised in June/July 2004). Consequent to expiry of period of their recognition, these Federations have been granted recognition for a further period of five years from the dates of grant of such recognition in the year 2007. The Departmental Council has been revived and its XXVIII Ordinary Meeting was held on 25th August 2006. The seat sharing arrangements amongst these Federations is given as under:

Name of the Federation/ Association	Share out of 20 seats in last Council	Share out of 20 seats in ensuing Council
All India Audit & Accounts Association	7 seats	9 seats
National Audit Federation	3 seats	3 seats
All India Federation of Divisional Accounts Officers & Divisional Accountants Association	1 seat	1 seat
Reserved (un-allocated)	9 seats	7 seats

JCM Office Council in field offices of IA&AD have also been set-up w.e.f. December 2005.

#### IA&AS OFFICERS ON DEPUTATION/ FOREIGN ASSIGNMENT, ETC.

The sanctioned strength of the IA&AS Cadre was 673 in 1990 (as on 1 July 1990) and 694 (as on 1 August 2006) in 2006. The reserve posts viz. Deputation Reserve (120 for 1990 as well as 2006) and Leave + Training Reserve accounted for another 180 posts (both 1990 & 2006). Adding the two the total sanctioned Cadre strength was 853 in 1990 and 874 in 2006. The officers in position were 527 in all (on duty + deputation, Training and Leave Reserve) in 1990 and 613 in 2006. Since 1990 full Deputation Reserve has not been filled in. But the discerning feature of this period has been a significant number of officers on foreign assignment. This figure for 1990 was negligible, while in 2007 (1 March 2007) it was 24. The large number of persons on foreign assignment is a distinct feature of post UN auditorship of SAI India. But for this, the number of officers on deputation would have been far less than the deputation reserve.

#### ATTRITION IN IA&AS

During 1990 to 2005, 54 IA&AS Officers resigned and 70 voluntarily retired. Out of 247 officers directly recruited during the period, 31 left service for various reasons. The data regarding attrition in SOs cadre is not available in Headquarters.

Attrition, as far as voluntary retirements are concerned, is not bothering the Department but, the rate of attrition represented by direct recruit candidates in the Academy leaving for other Services after their UPSC attempt is a cause of worry. In some years, practically half the batch was out on this ground.

#### DELEGATION OF POWERS IN IA&AD

The Delegation of Financial Powers (DFP) Rules issued by Government of India from time to time convey the Government instructions on various administrative and financial powers of Union Ministries/ Departments and Heads of Departments. Such delegation was issued first in 1958 and subsequently, a comprehensive revision was done through '1978 Delegations of Financial Powers Rules'. As far as Indian Audit and Accounts

Department (IA&AD) is concerned, it is exempted from the DFP rules issued by Government of India and the IA&AD issues its own rules of 'delegation of powers' under article 148(5) of the Constitution. These are contained in C&AG's MSO (Administrative) Volume-II. However, the delegations issued by Government of India is a kind of benchmark for the Department for revision of its own powers. Therefore, when Ministry of Finance in October 2001 carried out some amendments in the Delegation of Administrative and Financial Powers, the Department followed by discussing further delegation of powers in the Shimla Conference held in December 2001, where C&AG and his senior Management Team and other concerned officers discussed the matter. Based on these discussions, more liberal delegation of powers was issued by the Department in December 2001.

Since the Ministry's order of 2001 had also been circulated by DG (Audit) to field offices in the usual normal course, a doubt had arisen whether the Ministry's orders were applicable to the Department. In the light of legal position brought out above, Headquarters issued a clarificatory instruction on 1 March 2002 saying that delegation of financial powers within IA&AD was governed by specific directions issued from time to time by Headquarters office and as contained in C&AG's MSO (Administration) Volume-II. The offices were, therefore, informed that the circulation of Government of India delegation to the field was meant only for information/ guidance of field offices that were auditing Central Government transactions and did not convey any authority to them for their use as Audit department functionaries.

#### INTERNAL OVERSIGHT

IA&AD has, of late, been giving a great importance to strengthening internal oversight functions to not only improve the systems and processes but also enhance the quality of audit reporting and, in general, adding value to the various functional groups in field offices. Broadly, these oversight services can be clubbed into three:

- (i) Inspection of field offices
- (ii) Peer Review of field offices
- (iii) Internal Audit within the field offices

While the first two functions are performed by the C&AG's office, the third function, namely internal audit, is located within

the AG (or equivalent) office in the field office under the direct charge of the Accountants General (by whatever designation he is called in the field).

### INSPECTION OF FIELD OFFICES

The field inspection by Headquarters is conducted under the direct charge of Principal Director/ DG (Inspection) who functions under the overall supervision of DAI.

### PEER REVIEW IN C&AG'S ORGANISATION

The most important development in Inspection Wing has been that, apart from inspection, the system of Peer Review was introduced from 2004–05. In that year, 4 offices were selected for Peer Review. In the succeeding years, the numbers of offices subjected to Peer Review has gone up to 13 (2005–06) and 21 (2006–07). For the ensuing year (2007–08), it was planned to subject 25 offices to Peer Review. In the initial phase of the Peer Review, only Civil (Audit) and Civil (Accounts and Entitlement) Offices were selected. Now, the offices of other wings like Commercial Audit are being selected. Eventually, every office will be subjected to Peer Review.

The Comptroller and Auditor General has formed a Peer Review Board as a kind of broader standing arrangement to oversee the Peer Review work in the Department. It is chaired by Dy.C&AG with two other Dy.C&AG and additional Dy.C&AG as members. Besides several other departmental officers, one non official member either from Institute of Public Auditors of India or a nominee of the President of the IPAI is also nominated.

*Objectives:* Peer review aims at strict adherence to professional accounting and auditing standards and best practices. It, inter-alia, seeks to review the following main aspects viz. planning and compliance with technical standards of the department.

The arrangements for Peer Review, as they exist today, are that every year a programme is laid down as to which offices will be subjected to Peer Review and based on that, the selected offices are supplied with a format for indicating the general profile of the office—accompanied by a model check list for Peer Review. After these formats are filled in and in turn are sent to the team leader of Peer Review group, field visits are undertaken. The field team consists of an AG or above level officer as team leader and a group officer if required by the team leader and generally four Assistant

Audit/Accounts Officers, two from the office of team leader and one each from Inspection Wing of Headquarters and ITA wing of the office under Peer Review. At Headquarters, DG (Inspection) is the overall incharge of the Peer Review work and Director, Peer Review is Secretary of Peer Review Board who renders all assistance to the Peer Review group.

The process of Peer Review involves three stages namely—planning stage, execution stage—that is the field visit to the concerned office, and finally, reporting stage. Time frames have been laid down for each stage and each process.

The Peer Review Group will generally look into the following broad areas:

For Audit Offices, the aspects to be reviewed are:

- ❖ Performance Measures, Effectiveness, General Quality Control and General Management Practices.
- ❖ Financial Statement Audits [Regularity (Financial) Audit]
- ❖ Performance Audits/ Reviews
- ❖ Transaction Audit [Regularity (Compliance) audit] and application of VLC system in auditing services.

For Accounts Offices, the aspects to be reviewed are:

- ❖ Performance Measures, Effectiveness, General Quality Control and General Management Practices
- ❖ Accounts, GPF and Pension Wings
- ❖ Review of application of VLC system in accounting services.

The report of the Peer Review Group is processed at the Headquarters for submission to C&AG through DG (Inspection). The review report, amongst other things, also proposes grading of office on a one to ten scale. The report of the Peer Review is put up to Peer Review Board also which reviews the report and monitors the signals received from field offices for both compliance and rectification purposes. It also recommends to C&AG the measures to be taken to improve the effectiveness and efficiency of the field offices.

The system of Peer Review is now about 3 years old. A review of the system to assess the effectiveness of the Peer Review in improving matters may be on the anvil. However, some of the features that have been taken to strengthen the Peer Review are noted below:

- ❖ The selection of office for Peer Review and the reviewing officers is done by the Deputy C&AG i.e., at the very senior level of the management.
- ❖ The Peer Review is not reciprocal that is the office reviewed will not be given the job of Peer Review of the reviewer office to avoid any offices' *quid pro quo*.
- ❖ Big offices namely Civil Accounts and Entitlement and Civil Audit offices have been subjected to Peer Review; now, other offices are being subjected to Peer Review. Based on the total experience of the offices, the achievements could be appraised better.

Finally, a question often raised is about the difference between the Peer Review and the Inspection by the DG (Inspection). The difference between the two is in the composition of the review team and in the nature and functions of the two, the time they spent in the review of office and contents of the work which they do and that done by the inspection team of the DG(Inspection). In general, Peer Review group looks into the higher profile aspects of work having a vital bearing on quality of performance. They also make suggestions for improvement in the quality of performance.

The difference between the two has been summed up thus: while the Inspection Wing looks at the efficacy of the field offices as far as accounting/audit processes, administrative management, maintenance of initial records, etc. is concerned, the Peer Review is overwhelmingly concerned with the qualitative aspects of the various functions of AG office, in particular, about their accounting/auditing and reporting arrangements.

#### INTERNAL AUDIT IN THE IA&AD

The Department recognized the importance of Internal Auditing as an independent appraisal function from the early days when it set up internal audit section in various AG offices called Internal Test Audit(ITA) Sections. These sections were very small sections consisting of hand picked persons who had competence, knowledge and experience to scrutinize the work of the various other functional sections of the AG office. In fact, the C&AG's Manual 'MSO (Audit)' compared their functions as analogous to those of the Pr. Director of Inspection. In order to have this functionary as



an independent entity, there was a working rule that, to the extent possible, ITA will be manned by an officer from another AG office.

However, ITA though very useful was still performing as a check office for the work done in various sections. Over the period, with changing perceptions of audit and its developments into areas like Performance Auditing and more recently to new major audits like IT Audit or Privatization Audit, Regulation Audit, etc. required that the role and scope of Internal Audit also was reviewed. The void was filled by the present Comptroller and Auditor General, Kaul who brought out a comprehensive Model Internal Audit Manual in February 2006. This Manual in fact, is the first Manual issued by the Headquarters office on the subject and it lays down the basic framework and guidance for the internal audit function in the field offices of IA&AD. In the Prologue to the Manual, it has been made clear that these guidelines are illustrative and Field Offices shall prepare their detailed Internal Audit manuals in conformity with the provisions of this Manual. The Manual defines the role of internal auditing to provide reasonable assurance that management's:

- ❖ Risk Management system is effective.
- ❖ System of internal control is effective and efficient.
- ❖ Governance process is effective by establishing and preserving values, setting goals, monitoring activities and performance, and defining the measures of accountability.

A look at the subjects in the Manual will indicate the coverage. It has provided:

- ❖ standards on Internal Audit;
- ❖ staffing of Internal audit ;
- ❖ role of risk in Internal Audit ;
- ❖ audit evidence and techniques ;
- ❖ use of sampling in Internal Audit;
- ❖ planning and procedure for Internal Audit;
- ❖ internal Audit of various groups such as Administration group, Accounts group, VLC and Computerization group, Funds group, Pension group, Pay and Accounts office and Internal Audit of Audit offices.

The manual also devotes a Section to the relationship between Internal Audit and Directorate of Inspection. It has also dealt with the relationship between the Internal Audit and quality assurance.

Finally, in the Appendices, the manual has included International Standards on Internal Audit.

#### WHO AUDITS C&AG?

A question often asked is who audits C&AG? There have been several demands that an external auditor should audit the C&AG's organisation. This practice prevails in some countries.

As far as SAI India is concerned, this question was examined when the C&AG's (DPC) Act was being drafted. The opinion of Attorney General (M.C. Setalvad at that time) was obtained. Setalvad in his opinion said that the clear implications of the relevant provisions of the Constitution being that the powers of audit in relation to all accounts of the Union and the States were vested in the C&AG, 'any provision which entrusts audit functions in respect of accounts of the IA&AD, which are part of the accounts of the Union, to another authority would be unconstitutional'. Therefore, no such provisions could be made in the C&AG's (DPC) Act as in the case of UK National Audit Act.

This legal complexity, however, has not prevented C&AG from approaching this issue seriously. There is a system of auditing C&AG also. C&AG's auditor of sanctions was created first in the Ministry of Finance. Subsequently, the function was entrusted to an office within C&AG's organisation. This function is entrusted to the office of the Director General of Audit, Posts & Telecommunications. He is:

- ❖ Auditor of C&AG's sanctions
- ❖ Auditor of AG's sanctions
- ❖ Auditor of the PAOs of IA&AD

He has the advantage of having a branch office practically in all the major States of India—this facilitates his task as C&AG's auditor.

Earlier some PAOs of IA&AD were audited by offices of C&AG other than DGAP&T but by 2001, all the PAOs were brought under the audit of DGAP&T.

In 2000, C&AG desired that a 'Review Report on the working of PAOs of IA&AD' for the period 1998–2000 be prepared by DGA, P&T and put up to him.

The Report, modelled on the 'Review of Treasuries' conducted by State Accountants General, highlighted some of the common omissions in the audit of PAOs. For example, some of the primary requirements for drawal of bills, sanction of second TA Advance,

recovery of advances, maintenance of broadsheets were not being highlighted in the Audit Report. ADAI (P&T) pointing these out to DGA, P&T in August 2001 stated that since DGA, P&T audit was an independent audit, it should be possible for it to 'ensure that serious irregularities are flagged and pursued'. The letter also asked DGA (P&T) to prepare the Review Report on Audit of PAOs for every financial year and submit the same to DAI, who is the Chief Accounting Authority of the Department, not later than last working day of July of the succeeding year.

This Review Report is a regular annual feature now.

#### PROMOTING NEW INSTITUTIONS

*Institute of Public Auditors of India (IPAI):* IPAI was established in 1996 as a society under the patronage of the Comptroller and Auditor General of India to further the cause of Government audit profession, in particular with reference to accountability systems and procedures. The declared objectives of the IPAI include the following:

- (i) to advance the discipline of public auditing, public finance, public sector accounting and to foster financial control and accountability;
- (ii) to contribute towards effective accounting and auditing arrangements in various areas of activities of central and state governments, public enterprises, public institutions, government aided voluntary organisations, local bodies like Panchayati Raj Institutions, municipalities, etc.
- (iii) to undertake and conduct studies, workshops, advisory services and research in matters relating to public auditing and to recommend standards thereof.
- (iv) to promote highest standards of professional competence in the area of auditing and accounting.

During its existence of about 11 years, the Institute has been able to achieve impressive results and success. Rightly, in the initial years, it gave priority to consolidating its financial position so that it could stand on its own. While the initial years were devoted to this consolidation through advisory services assignments, the Institute subsequently opened up to several areas of high end advisory services, research, publication of journal and training. It has recently signed a Memorandum of Understanding with a well known open University regarding conduct of professional

examination. It has organised several high level Seminars and Round Table discussions on important contemporary topics, including one on Accountability of PRIs and DRDAs. The deliberations in this Seminar paved the way for a bigger seminar in Shimla organised by C&AG. The inputs of these Seminars had an impact on final policy on the PRIs and Urban Local Bodies as contained in the XI Finance Commission Recommendations. Other notable seminars have been on Government and Voluntary Sector Partnership in Development and on Regulatory Bodies. Its contribution in training the PRI personnel was commendable and it has assisted C&AG's organisation in imparting training to PRI personnel and in the preparation of accounting documents. The Institute brings out a Journal called Indian Journal of Audit and Accountability which has received general appreciation from the readers.

However, an area where it is yet to establish a mark is to establish itself as a serious think tank in the field of auditing and accountability—something which everybody looks it to be. Hopefully, with increased emphasis now being given to areas like research, publications, conduct of professional examinations etc. the institute would be, in near future, an appropriate forum for providing independent, objective and credible opinion and information on subjects of relevance.

*Audit Advisory Board:* Two other institutions that were created during this period of history deserve special mention. One is Audit Advisory Board which is an institutional mechanism established in March 1999, to provide C&AG with inputs for audit planning and for setting overall objectives. A detailed account of this body is given in Chapter 4 on Developments in Auditing.

*Government Accounting Standards Advisory Board (GASAB):* The second institution of great relevance and importance is GASAB set up in August 2002, headed by Dy. C&AG and having representatives of all other major Central Accounts Service and other stakeholders. A detailed description of this is available in Chapter 17 on Accounts.

### SOME OTHER DEVELOPMENTS

#### *Right to Information Act 2005*

C&AG has appointed Public Information Officers (PIOs) to assist in discharging the duties under Right to information Act 2005 in the Headquarters office and all the field offices.

The information given in this area is for the purposes of dissemination under the Act. The detailed procedure for seeking information under the Act is given below:

1. *Procedure of Filing of Application:* A person, who desires to obtain any information under this Act shall make a request in writing or through Electronic means in English or in Hindi along with prescribed fee.

2. *Format of Application Form:* The applicant should clearly mention his/ her name and address for correspondence, telephone No. (Optional) and specific information which he/ she wants.

3. *Fee:* (a) Fee may be made in Cash against proper receipt or by Banker's Cheque/ Bank Draft/ Indian Postal Order in favour of PAO, AG (Audit), Delhi.

(b) *Quantum of Fee:-* A request for obtaining information under Sub-Section(1) of Section 6 shall be accompanied by an application fee of Rupees Ten by way as mentioned at a) above. For providing the information under sub section (1) of Section 7, the fee shall be charged at the following rates:

- (i) Rupees two for each page created or copied (A-4 or A-3 size paper)
- (ii) Actual charge or cost price of a copy in larger size paper
- (iii) Actual cost or price for samples or models and
- (iv) For inspection of records, no fee for the first hour, and a fee of Rupees Five for each subsequent hours.

4. *Arrangements for Receipt of Application & Fee:* Arrangement for receipt of Application and Fee has been made at the Reception Counter of C&AG Office main building. An applicant can also remit the requisite fee as per procedure at 3(a).

5. *Appeals and Appellate Authorities, etc.:* Appeals against the decision of CPIO can be made before the Appellate Authority i.e. DAI in the C&AG Headquarters and Pr. Accountant General/ Accountant General/ Pr. Director of Audit in other offices of IA&AD in the States. These are available on the website of C&AG.

### DISASTER MANAGEMENT AND CONTINUITY PLANNING IN IA&AD

C&AG instructed in September 2004 that there should be a 'Disaster Management and Operational Continuity Plan' for the offices in IA&AD. Accordingly, a micro level 'Disaster Management Plan' for offices of IA&AD and 'Guidelines for Formulating Safety Norms' were prepared by Estate Wing of Headquarters by evaluating the micro level plans issued by the Ministry of Home Affairs and Ministry of Agriculture etc. Phase-I (September 2004) contained detailed instructions on 'Disaster Management Plan' and 'Guidelines for formulating safety Norms', setting up of a Disaster Management Committee (DMC) in each office, to assess risk areas for probability of occurrence of disasters, to formulate safety norms, to establish a trigger mechanism and to handle disaster situation to bring in normalcy quickly. Information System Wing (IS Wing) of Headquarters office issued IS Security handbooks which lays down the various best practices ensuring the security of the IT infrastructure of the department. Further instructions for implementation of the security related instructions contained in the Security Handbook were issued to all offices in IA&AD in January 2004. A draft 'Back-Up' policy elaborating details of System Security and Continuity was also circulated by IS Wing to some select senior officers of the Department for response.

In Phase-II (November 2004), field offices were divided into six regions i.e. Eastern, Western, Northern, Southern, Central and North Eastern and Principal Accountants General (Audit), West Bengal, Maharashtra, Mumbai, Punjab, Tamil Nadu, Madhya Pradesh and Assam respectively were nominated as coordinator to devise an operational continuity plan for the region as a whole in consultation with other IA&AD offices of the region. On the basis of Operational Continuity Plan prepared by one region i.e. Southern Region, a model Operational Continuity Plan to ensure installation of suitable warning and security system, maintenance of uninterrupted communication system, create awareness among the staff about the Disaster Management Plan, publishing of contact numbers of responsible authorities, arrangement for periodical inspection by Fire and Rescue Department, conducting of mock drills and identification of critical functions was prepared by Headquarters and issued to the remaining five regional heads in December 2005 with directions to evolve suitable Operational Continuity Plan for the respective region in consultation with all

IA&AD offices under the region and to adhere to the instructions given in the model plan. Field offices were directed to submit quarterly reports in that regard.

#### GENDER COMMITTEE

In July 2004, the C&AG constituted a sub-Committee<sup>4</sup> to dwell on the gender issues that are increasingly becoming important as more and more women are joining the working environment. The Committee was expected to formulate significant changes/ contributions that would make the working place more satisfactory for women employees.

After several meetings of the sub-committee, a Gender Perspective Plan 2007–2012 was prepared by the Sub-Committee and approved by the Comptroller and Auditor General of India in February 2007. The main objective of this Gender Perspective Plan was to make the working places in the Indian Audit and Accounts Department more satisfactory for the working women. Specific action points, nodal officers and time frame were prescribed therein for each of identified categories of policies viz, (i) Strong Policy on Sexual Harrasment; (ii) an enabling enviroment for working mothers and fathers; (iii) RTIs/ RTCs/ In-house Training to run courses on Gender Auditing (iv) having a Gender expert advising Performance Audit Teams on various sectoral audits; (v) encouragement to members of IA&AD to participate in gender development programmes/ conference in the country; (vi) capacity building on bringing out attitudinal changes in work enviroment; and (vii) affirmative action on all recruitments, promotions, trainings, skill developments and bridging skill gaps.

The Committee having fulfilled its assignment was disbanded in February 2007. However, the implementation of the specific action points, etc. were to be monitored at the level of DAI.

#### INFRASTRUCTURE FACILITIES

The period covered in this compilation will stand out for unprecedented growth in the infrastructure facilities. Today, if IA&AD can boast of some excellent office buildings which are both aesthetically great and functionally very efficient, the credit for this goes to the personal interest taken in this activity by the concerned Comptroller & Auditors General. To monitor the timely completion of various on-going works projects in field offices including Headquarters office, a separate wing named 'Works &

Projects Wing' headed by a technical person, generally an Executive Engineer or Superintending Engineer from C.P.W.D. on deputation, designated as Deputy Director/ Director, was created in Headquarters office. The main functions of the wing are to examine various works estimates received from field offices, obtain the administrative approval and financial sanction of the C&AG on the estimates, its timely communication to field offices and monitoring of the projects. The fact that Comptroller and Auditor General has full powers to accord administrative approval for civil works of the Indian Audit & Accounts Department, is a contributory factor to the timely completion of most of the buildings in the Department. C&AG's power to sanction buildings are laid down in Manual of Standing Orders (Administration) Volume II as supplemented by various other orders from Headquarters office.

During this period, various new office buildings, buildings for RTIs and residential buildings were constructed. Both, C&AG V.K. Shunglu and C&AG V.N. Kaul showed great interest and initiative in boosting the infrastructure facility in the Department. Notable additions were made by the construction of several new office buildings as also residential colonies in cities where the officers and staff faced severe difficulty in having access to housing facilities. Some of the notable buildings that were constructed during this period include, a new complex comprising International Training Centre, hostel and residential quarters named as 'International Centre for Information System & Audit' (iCISA) having an area of about 10 acres of land constructed in Noida (UP) in 2002, and the National Academy of Audit and Accounts building in Shimla (2001). Some other field offices buildings constructed are shown in the Annex A and some important projects initiated during the past years and where work is in progress are shown in Annex B.

The existing main C&AG office building was constructed during 1956-58 and Annexe Building during 1971. During the past 10-15 years, activities of the Department increased manifold and various wings were created in Headquarters office and it became impossible to manage all the wings within the existing office space. To solve this problem, C&AG decided to have a new office building. A new plot of land measuring about 2.5 acre at Deen Dayal Upadhyay Marg, New Delhi was allotted to the Department in April 2004 for constructing new office building of the office of the C&AG of India. The foundation stone of the building was laid by



Dr. A.P.J. Abdul Kalam, President of India on 19 October 2006. The construction work of the new office building is in full swing. The new office building is going to be a model building with Building Management System (BMS).

A successful attempt worth mentioning was the extensive renovation of the Treasury Building in Kolkata which houses the office of Principal Accountant General / Accountant General (A&E). Treasury Building has a historical significance and is more than 100 years old. It is classified, therefore, as a heritage building and getting such a building renovated was a herculean task which required clearance from many quarters and needed careful handling by the architect and the civil engineers.

But the buildings are only one part of the infrastructure; an important, perhaps more important factor, is the working environment in the offices. In this regard from 1990 onwards conscious efforts were made to modernise the offices with computer facilities, modular seating arrangements, provision of neat and hygienic canteen facilities, supply of purified drinking water, removal of cluttered waste paper etc. from the offices and providing for well lighted sections and corridors. Alongwith these in many offices excellent flower plantation and green lawns also came up. All these contributed towards a much better working place which was conducive to efficient working that definitely helps in better output.

One of the major worries of a transferrable cadre like IA&AS was accommodation at various stations of postings. The residential building programme also got a fillip during this period when projects were sanctioned for residential complexes in various stations for the accommodation of IA&AS and for other cadres of the Department. Capital works programme in the Department got a tremendous boost during C&AG Shunglu's tenure which continued in the present C&AG's time.

Indian Audit and Accounts Department is a vast department having 219 offices spread throughout the country. Department has created its own residential colony at about 35 stations in the country to provide accommodation to its employees. Each colony was having its own allotment rules. One of the important developments in this context was that at the instance of C&AG, Kaul (April 2004) Headquarters issued in February 2006 Rules for Allotment for Government Residential Accommodation and Departmental Guest Houses in IA&AD. This compilation made for the first time, is

uniformly applied for allotment of houses from the departmental housing pool across the country.

#### RECORDS MANAGEMENT IN IA&AD

The Central Government formulated the 'Public Records Act, 1993' and 'Public Records Rules 1997' to regulate the management, administration and preservation of public records of the Central Government. 'Records Management and Destruction of records' in IA&AD contained in Chapter XII of C&AG's MSO (Administration) Vol. I (Third Edition) was suitably updated and Guidelines on Records Management in IA&AD (along with copies of above Act) were issued, to each head of the office for necessary action. Guidelines also contained instructions regarding classification of records, microfilming of records, de-hiring of space occupied in storing old records and updating of libraries etc.

As per Rule 6(1) of the Public Records Act 1993, the Records Officer shall be responsible for periodical review, weeding out and the appraisal of public records which are more than twenty five years old in consultation with the National Archives of India (NAI). Old Record of Headquarters office pertaining to the period 1884 to 1960 was last reviewed by the team of NAI in 1986. In pursuance of the provision of 'Public Records Act 1993, and 'Public Records Rules 1997', office of the Director General, National Archives of India, was requested in November 2005 to depute a team of NAI for appraisal of records prior to the year 1980 i.e. 1960 to 1980 due for appraisal of the records. The work was started by the team of NAI on 4 May 2006 and completed on 31 May 2007. 15,500 old files of various sections were reviewed by the team of NAI, out of which 11,093 files were identified as having historical or administrative importance and recommended for transferring to NAI for permanent preservation. These were transferred to NAI in five batches by June 2007.

#### COMMITTEES AND WORKING GROUPS

C&AG reviewed, in September 2005, issues relating to creation/continuation of Committees in C&AG office and streamlined the systems by establishing a three tier system comprising (1) Boards/Standing Committees; (2) Working Groups; and (3) Task Forces.

The existing Committees were reclassified accordingly. The guidelines on the subject were prescribed for future guidance. According to these, all Committees of a permanent nature should

be designated as Boards/ Standing Committees. C&AG's specific orders for their constitution was necessary. Dy. C&AG will review their functioning once in two years to determine their continuance necessary and take orders of C&AG for continuance.

Working Groups are meant for addressing specific subject, especially technology related issues that need detailed examination e.g modernization, revision of manuals, guidelines, standing orders etc. These are also to be constituted under specific orders of C&AG.

Task Forces are to be set up for dealing with 'issues of significant but transient interest in the organization'. These should be given time limit of maximum of one year to submit their Report. The constitution of Task Force as well as its terms of reference should be approved by C&AG. Any extension beyond one year would need C&AG's approval.

Of the permanent Committees in C&AG's office, the more important ones are Central Training Advisory Committee headed by Dy. C&AG, Disciplinary Committee of Commercial Audit Wing headed by DG (Commercial), Audit Board for Central PSUs for Commercial undertakings performance audit, Government Accounting Standards Advisory Board set up for setting accounting standards for Government and also assigned the job of working on the migration to accrual based accounting in Government.

#### ACCOUNTANTS GENERAL CONFERENCES

Accountants General Conferences were held, more or less, regularly every alternate year in the post 1990 era. The Conference, a gathering of all the heads of field offices of the level of AG (Joint Secretary Level) and above and supervisory officers in C&AG office, takes stock of the contemporary issues in auditing and any other subjects of relevance to Department—very informative and clear agenda notes are sent to the participants in the Conference. Through their deliberations on the various issues listed, the Conference, lays out a road map for the working of the department for the next two years. These Conferences during the period of this compilation were inaugurated by the President of India or the Prime Minister of India.

Commenting on the significance of this forum of discussion, C&AG Shunglu remarked that with AGs Conference happening every two year the department had an upgraded road map with some items or projects already available for review and monitoring. His personal experience was that the deliberations of AGs in the Accountants General Conference was perhaps one of the most

important inputs available to him for taking policy decisions on IA&AD's working. He made extensive use of these deliberations for such decisions. C&AG Kaul, while addressing the valedictory function of the XXIII Accountants General Conference, also had high praise for this forum when he said that 'the biennial Conferences of Accountants General play an extremely valuable role in determining the direction of growth of our Organization. Exchange of ideas and experiences across functions in these Conferences generate the vitality which sometimes can be absent from routine and formal structures. I, therefore, attach great importance to these Conferences and devote a lot of personal attention towards their preparation.'

The agenda notes, discussions, proceedings of deliberations and finally recommendations, followed by decisions taken by the C&AG offer a very clear view of the direction towards which department was moving in each period. These documents also give an insight into various developments initiated in these Conferences on auditing systems, methodologies, techniques, procedures etc. A brief account of some of these, mainly (but not exclusively) from the view point of auditing practices, is given below:

The 1991 Conference which was the first for C&AG Somiah had a heavy agenda that included following topics:

(i) Scope of Audit, (ii) Audit Strengthening, (iii) New Areas and New Techniques, (iv) Perspective Plan of Audit, (v) Audit Reports, (vi) Reporting and Follow Up.

Under the theme 'Approach to Audit Perspective', the Conference emphasized that audit should carry out more prominently social and economic analysis of important schemes and projects. It also advocated adopting social audit concepts. This concept was explained by the C&AG in his observation thus 'there is a growing awareness of the need to protect the society and the environment from all possible adverse side effects of development. Air pollution, water pollution and other environmental degradation, health and safety hazards—these are some of the adverse effects. Any enterprise, be it in private sector, has a social responsibility. This has to be enforced through social audit which is slowly gaining ground even in our country'.

He cited in this context Sachar Committee Report on companies where a Chapter on the 'Social Responsibilities of Companies' was devoted. He also pointed out to the social audit concept that was internalized in some of the technology missions of the Government. Specially in the context of role of audit, he pointed out to the legislations designed to protect the citizens and the environment

from exploitation in the process of development and agencies that are charged with the responsibility of enforcing these legislations. When such agencies and projects are audited, social audit concepts have to be kept in view.

Interestingly some years later, the Government policies and enforcement agencies have pushed this agenda e.g. social responsibility in Companies and legislations on environmental issues. Audit emphasis on these aspects that began in early nineties has got a big boost in two subsequent C&AG's time.

This conference also devoted considerable time to discuss manpower audit—this theme became subsequently a standing theme in the Audit Reports in C&AG Shunglu's time. Another area discussed on audit strengthening was audit of borrowing and management of debt. The Conference deliberations, later fructified into a full fledged review of Public Debt which was very much acclaimed. The Conference also devoted time to another important subject viz. evaluation of internal control and internal audit. Years later in AGs Conference of 2003, this theme was revisited and based on the deliberations, C&AG V.N Kaul streamlined the system of internal control and internal audit and issued direction that every year AG should conduct a review on internal control of atleast one Department of the Government—since then this topic is one of the important annual feature in each year's Audit Report.

A remarkable theme in the 1991 Conference was new areas and new techniques where subjects which were to assume great significance a decade later were discussed, these included use of statistical sampling techniques, adoption of qualitative techniques, audit of panchayati raj institutions. While statistical sampling application in IA&AD was discussed again in 1996 Conference, it was in present C&AG's period that comprehensive set of instructions including guidance regarding scientific statistical sampling were laid down and, in fact, many wings of the department are using risk analysis and statistical sampling in audit.

It will be interesting to revisit the goals set by 1991 Conference. The agenda paper said that the reorientation of audit should be such as would achieve the following goals:

- (i) To make audit more effective as an aid to administration and as an instrument of ensuring accountability of the administration.
- (ii) To help establish and/ or strengthen internal audit in all governments and public sector bodies.

- (iii) To ensure increased responsiveness of the administration to audit and audit findings.

The Conference discussed an interesting theme viz. Audit of Public Financial Institutions including commercial banks. This subject was very topical those days because of the securities scam and malpractices by commercial banks and Public Financial Institutions were coming to light. It is relevant to mention in this context that C&AG Somiah had appointed a Committee to prepare a Status Paper on the implications of Department getting the audit of Nationalized Banks especially with reference to staff requirements and availability. The Committee<sup>5</sup> had prepared a detailed report on the subject, that contained details of work to be done, how it would be tackled, how much staff would be needed and how the requirements would be met. The Conference devoted a lot of time to training needs and HR issues. Interestingly, in April 1997, the then Dy. C&AG P.K. Lahiri addressed Finance Secretary Montek Singh Ahluwalia suggesting amendments to Section 14, 18 and 19 of the DPC Act and Article 151 of the Constitution of India. A note attached to the letter detailed the need for these amendments. Significantly, the letter also mentioned that nationalised banks and public finance institutions should be covered by independent audit by the Comptroller and Auditor General of India. The above suggestions emanated from the deliberations held in XIX Conference of Accountants General held in December 1996 on the subject efficacy of auditing.

The 1991 conference also considered, at length, the subjects of strengthening of accounts and using it as an aid to management and finally it devoted time for discussing use of Electronic Data Processing and audit of EDP Systems. It also discussed a specific topic that was included at the behest of C&AG viz. improvement of the quality of Chapters I and II of the State (Civil) Audit Reports on which a paper had been prepared by Dharam Vir. As a result, chapter I and II of Audit Reports Civil, were revised significantly.

The next Conference in 1993 devoted time to an important issue namely Audit Planning on which recommendations had been made by the Dharam Vir Committee. As a follow up of these recommendations, in November 1994, the Headquarters issued the path breaking Audit Planning circular which emphasized on the prioritisation of audit vis-à-vis the fixed quantum of audit checks, thereby redefining 'arrears in audit' concept. It laid the foundation of risk based audit approach. Subsequent developments in audit planning owe significantly to this unique order.

1996 AGs Conference had the star subject of 'Computerization' for discussion. This discussion eventually led to one of the most important decisions taken in audit department namely Voucher Level Computerization (VLC) of State Accounts. As a result of introduction of VLC, a sea change has come about in timely production of monthly and annual accounts as also generation of a number of other reports which are of value to the State Government, even though the full potential and use of VLC is yet to be achieved and managerial reports turned out are yet not of that value to the State Governments as it should be.

In the XX AG's Conference held in April 1999, attention was mostly on the strengthening of Treasury Inspection and demarcation of work between AG (A&E) and AG (Audit). Flowing from this discussion, several important orders were issued from Headquarters on these two subjects.

One important subject discussed was restructuring of IA&AD for integrated audit of Energy Sector which included Union Government, State Government, Central PSUs and State Electricity Boards. Though this was a very laudable concept because this advocated a totally integrated audit of energy sector (which is a vital sector of Indian Economy) but the follow up of this left a lot to be desired. The observation that no holistic audit is possible and audit comments lack wholesomeness, depth and sharpness was very true and it wanted feasibility of integrating entire audit effort relative to energy sector within the existing organization structure and allocation of audit responsibilities. Unfortunately, these could not take off.

The XXI AG's conference held in April 2001 had the important subject of 'Change Management' on the agenda. The theme was very topical in the context of the audit department entering the new millennium. The subjects discussed were changes in IA&AD needed to cope up with changes that were taking place or would take place shortly in public policy, administration, technology etc. It discussed the important aspect of human resource management and manpower planning, promotional avenues for non SOGE passed officers and time bound promotion for SOs and AAOs. It discussed and made recommendations for early promotion to IA&AS of promoted officers and it also discussed a significant subject of lowering the training load by recruiting commerce graduates in the Department for Auditors and SOs posts (we have separately discussed change management in Chapter-3). This Conference also discussed important subject of ethics and impact on HR developments, audit of

privatization and disinvestment and important subject of audit and accountability of Panchayati Raj Institutions and Local Bodies.

Risk analysis and statistical sampling were discussed in this Conference too as also IT Audit which had a unique role in IA&AD. The Conference devoted considerable time to the discussion on audit in a computerized environment.

In this Conference, Prime Minister A.B. Vajpayee had stated in his inaugural speech that future Annual Reports of each Ministry/ Department in the Central Government must carry C&AG's Report for that Ministry or Department even if it pertained to previous year. Before the next Conference in 2003, thanks to the follow up by the C&AG, the Government decided that Annual Report of every Department and Ministry would contain a summary of important audit observations on the functioning of the Ministry extracted from the most recent C&AG's Report. The material for this summary is provided by the C&AG's office.

The XXII AG's Conference held in July 2003, the first for C&AG Kaul, had a very heavy agenda and devoted considerable time to discuss the broad theme of 'Towards an Improved Accountability Regime' which had five sub-themes viz:

- (i) Building Accountability.
- (ii) Building Audit Image.
- (iii) Spreading the Message.
- (iv) How to make audit an effective accountability instrument?
- (v) Auditor—Auditee Relationship.

Of these, the one key subject for discussion was 'Building a Workable Best Practice Regime' that went into issues of Modernization, Better use of Computers, Redefining Jobs at Supervisory levels, Rebuilding Libraries, Creating a Policy unit, Recalibrating Official Codes & Manuals, Redesigning the Audit Reports and Journals. It dealt with in details on Capacity Building and building Core Competencies, Growth Centre Approach for Special Skills.

On training, the conference advocated a network approach for Training Institutions. Its best contribution was in the area of improving audit methods and techniques with a base paper on Risk Analysis and Statistical Sampling. The subject which was earlier discussed in two previous Conferences of Accountants General, was to become a practicing system this time.

Finally, one of the most important subjects on which the Conference deliberated was Draft Perspective Plan 2003–2008 of the IA&AD; and it recommended its adoption.



The XXIII Conference held in September 2005, discussed the following main themes:

- (i) Enhancing Effectiveness of Audit
- (ii) Adopting Best Practices from ASOSAI Guidance on Audit Quality Management System
- (iii) Audit Challenges and Prospects
- (iv) Mid Term Review of Perspective Plan 2003–08.

In item (i), the dominant sub theme discussion was on implementing Performance Audit guidelines. It discussed items like Development of audit criteria, Definition of parameters, Techniques of evidence gathering, Simplification of procedures, Interaction with Auditee, Reporting of performance audits, Allocation of time for Performance Audit, Pursuance of findings of performance audits, Training of Personnel for Performance Audit and finally, Encouraging good performance Audits through quality standards. Another important sub theme discussed was taking up comprehensive appraisals of Government Department including department based audit planning which essentially focused on shifting from DDO based audit approach to CCO/ Department based audit approach. This issue has been suitably discussed elsewhere in this compilation. As regards the theme adopting best practices from ASOSAI guidance on audit quality management system, it had three sub themes:

- (i) Human Resources Development (including recruitment training and performance appraisal)
- (ii) Audit Performance (including audit planning, IT tools and consultation and advice)
- (iii) Continuous Improvement (inspection and peer review, internal quality assurance)

On all these issues several recommendations were made on the basis of which suitable actions were taken by the Department which have been brought out in relevant Chapters. Under 'Audit Challenges and Prospects' the most important subject discussed was gearing up for adoption of accrual accounting where a number of recommendations were made which included capacity building at AG/ State level promoting auditing skills and accrual environment, information systems requirements; what was required in the interim was also spelt out.

A discussion was also held on the theme 'Audit of NGOs receiving Government Grants'. The recommendation was that these

should be brought under audit scrutiny of C&AG by insertion of a new enabling sub-section 15(3) in the DPC Act. However, on subsequent examination of the subject in the office it was concluded that the existing laws of DPC Act were enough to empower C&AG for NGOs' audit.

Finally, the Conference discussed the important subjects of mid term review of Perspective Plan 2003-08 and made several important recommendations on various aspects of Perspective Plan which are now being implemented.

## ANNEX A

## OFFICE BUILDINGS

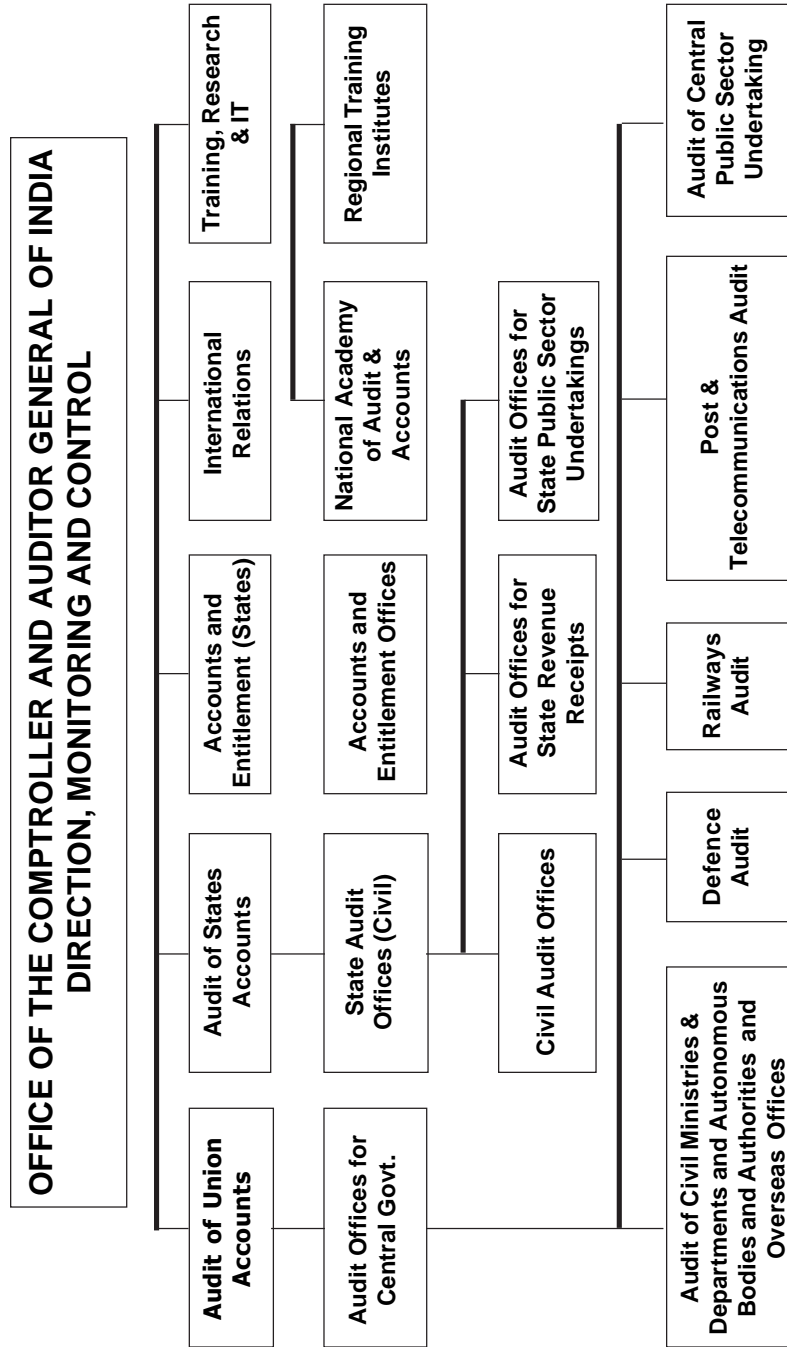
Name of the office	Year of construction
Pr. AG (Audit), Punjab, Chandigarh	2007
AG (Audit) and Sr. DAG (A&E), Sikkim, Gangtok	2006
Pr. AG (Audit) and AG (Audit)-II, M.P, Gwalior	2005
AG, Goa	2001
NAAA, Shimla	2001
RTI, Nagpur	2001
Pr. AG (Audit), Gujarat, Ahmedabad	2001
Pr. DA (Central), Mumbai	1998
Pr. AG (Audit) and AG (A&E), Assam, Guwahati	1998-99

## ANNEX B

## LIST OF PROJECTS IN WHICH WORK IS IN PROGRESS

Name of the office	Name of the work
C&AG of India	Construction of new office building at Deen Dayal Upadhyay Marg, New Delhi
AG (Audit), Nagaland, Kohima	Construction of Annexe building
Pr. AG (Audit), Tamil Nadu , Chennai	Construction of Branch office at Madurai
RTI. Mumbai	Construction of RTI building and hostel at Bandra Kurla Complex, Bandra (E), Mumbai
AG, Chhattisgarh, Raipur	Construction of office building at Raipur
AG, Mizoram, Aizwal	Construction of office building at Aizwal
AG, Chhattisgarh, Raipur	Construction of residential quarters at Zero Point, Raipur
Pr. AG (Audit)-I, Gujarat, Ahmedabad	Construction of residential complex at Ahmedabad
AG (Audit), Nagaland, Kohima	Construction of residential complex

**ORGANISATION CHART OF IAAD AS ON MARCH 1990**



**HEADQUARTERS OFFICE OF C&AG AS ON  
MARCH 1990**

**Comptroller and Auditor General of India**

**Deputy Comptroller and Auditor General**

Headquarters

Commercial

Additional Deputy Comptroller and Auditor General

Commercial

Revenue Audit

Report Central

Report States

Directors General (AE&C)

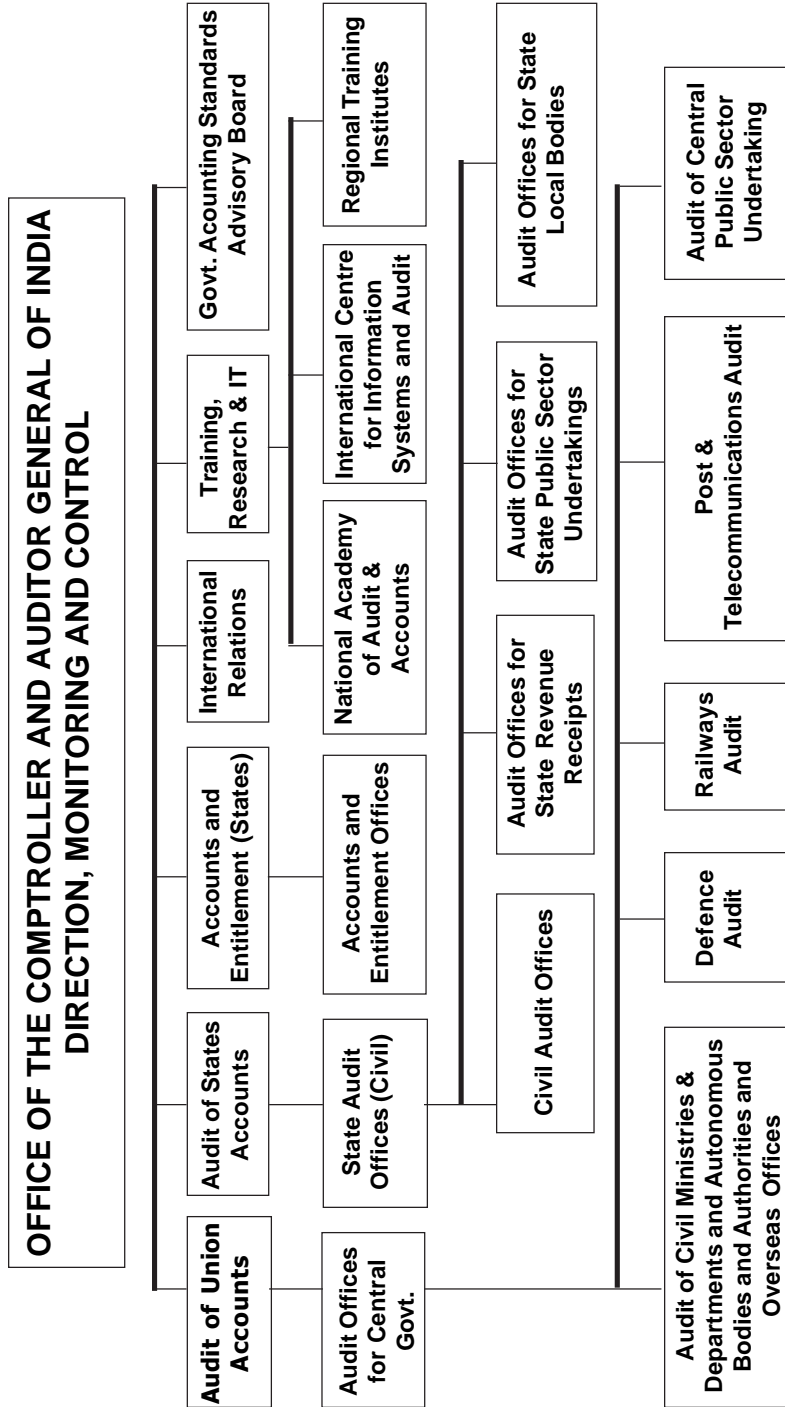
**On Deputation**

- Dy. Director (Statistics)

**Principal Directors**

- PPRE
- Staff
- INDT
- DT
- Report State-I
- Report State-II
- O&M&T
- Report Central
- Inspection
- Audits

**ORGANISATION CHART OF IAAD AS ON 1 MARCH 2007**



**HEADQUARTERS OFFICE OF C&AG AS ON  
MARCH 2007**

**Comptroller and Auditor General of India**

**Deputy Comptroller and Auditor General**

Headquarters

Commercial

Local Bodies &  
Accounts

Additional Deputy Comptroller and Auditor General

Commercial &  
Special Category  
States

Revenue  
Audit

Report  
Central

Report  
States

International  
Relation

**Directors General**

- Inspection
- OSD (Communication Policy)
- Performance Audit
- Commercial
- Audit/ O&M
- AE&C
- Training and IT

**On Deputation**

- Economic Advisor
- Dy. Director General (NIC)
- Director (Works)
- Statistical Advisor
- Media Advisor

**Principal Directors**

- Report Central
- Railways
- Direct Taxes
- Indirect Taxes
- Autonomous Bodies
- Report States
- Report Special Category States
- Staff
- Local Bodies

## NOTES: CHAPTER-3

<sup>1</sup> D.O letter No. DAI/1/94 dated 20 January 1994 and No. DAI/2/94 dated 02 February 1994

<sup>2</sup> D.O letter No. 860/DAI/3/94 dated 01 March 1994.

<sup>3</sup> D.O letter No. DAI/1/94 dated 20 January 1994 and No. DAI/2/94 dated 02 February 1994

<sup>4</sup> The Members were (i) Ms. Sushma V. Dabak, AG (A&E)-II, Maharashtra, Nagpur; (ii) Ms. Sudha Krishnan, AG (Audit)-II, Karnataka, Bangalore; (iii) Shri P.J. Mathew, Pr. Director (Staff), office of the C&AG, New Delhi; and (iv) Ms. Mamta Kundra, Pr. DCA & Ex-officio MAB-I, New Delhi.

<sup>5</sup> The Committee had Dharam Vir as Chairman and P.K. Lahiri, Vijay Kumar and Dr. A.K. Banerjee as Members.

## LIST OF KEY EVENTS

28 October 1987	Sh. T.R Krishnamachari in his note detailed 28 October 1987 brought out legal opinion of Attorney General Shri M.C. Setalvad that entrustment of audit function in respect of accounts of IA&AD to another authority would be unconstitutional.
28 February 1990	The existing designations of IA&AS officers holding the posts of Joint Director, Director/Accountant General and Principal Director were revised as Director, Principal Director/Principal Accountant General and Director General respectively.
24 March 1990	Shri TN Chaturvedi former C&AG, was bestowed the prestigious Civilian award-the Padma Vibhushan on 24 March 1990.
April 1991	Direct recruitment at S.O. level in Civil and P&T Audit offices started.
1 April 1992	Post of Sr. Audit/Accounts Officer created in the pre revised scale of Rs. 2200–4000.
May 1993	Computerised budget information system for IA&AD was introduced.
9 December 1993	Government of India, Ministry of Personnel, Public Grievances & Pensions, DoPT notification dated 5 November, 1993, stating that membership of Association would be restricted to distinct category of Government servant having common interest, was forwarded to all heads of offices, etc.
16 May 2001	Government of India, Ministry of Personnel, Public Grievances & Pensions Department of Personnel and Training issued orders regarding optimisation of direct recruitment to civilian posts.
6 October 2001	Recruitment Rules for Accounts Officer / Audit Officer published in Gazette.
November 2001	A paper on Computer system (Theory & Practical) introduced for SOGE.
December 2001	Post of DAI (Local Bodies) approved by ACC.
31 December 2001	Revision of delegated powers to heads of Departments and Heads of offices in IA&AD.
3 January 2003	C&AG constituted a committee consisting of three DAIs to examine qualifications for direct recruitment of clerks and Section Officers, filling up of vacancies in the cadres of Section officers/AAOs in Civil Audit Offices and Balancing of surplus manpower in A&E and Commercial Audit Offices
March 2003	DAIs Committee gave its report.
12 August 2003	Decision of Headquarters to allow certain category of candidates from A&E stream to appear at SOGE (Civil Audit) for eventual absorption in Civil Audit Offices.



January 2004	C&AG set up a Human Resource Committee under the Chairmanship of DAI
April 2004	H.R. Committee gave its recommendations
22 September 2004	Detailed instructions were issued to field offices regarding disaster management plan.
6 May 2005	C&AG wrote to Minister of State for Personnel that due to restructuring of cadre in respect of Group 'C' posts, no direct recruitment in any of the cadres in Group 'C' & 'D' is proposed this year.
16 February 2006	Common allotment rules were framed and made applicable in all the IA&AD colonies.
18 October 2006	Orders regarding outsourcing of routine jobs performed by Group 'D' were issued by Headquarters office.
31 January 2007	Restructuring Committee constituted in 2006 gave its report.
12 February 2007	Gender Perspective Plan 2007-12 approved by C&AG circulated to all heads of offices.

## DOCUMENTS

## 1

*Extract from note of Sh. T.R. Krishnamachari, Director of Audit dated 28 October, 1987*

III. As regards external audit of IA&AD the legal position as brought out by the Attorney-General (Shri M.C. Setalvad) when the C&AG's (DPC) bill was at the draft stage was that the clear implications of the relevant provisions of the Constitution being that the powers of audit in relation to all accounts of the Union and the States are vested in the C&AG, any provisions which entrust audit functions in respect of accounts of the IAAD, which are part of the accounts of the Union, to another authority would be unconstitutional. Therefore, no such provisions could be made in the C&AG's (DPC) Act as in the case of U.K. National Audit Act quoted by Shri K.P. Joseph. However, there are standing arrangements for the expenditure incurred by each office of the IAAD to be audited by another office independently. Further, the Director of Inspection periodically inspects every office. His report to the C&AG includes an overall picture of the state of affairs in each office inspected indicating the general impression he has formed of the efficiency, accuracy etc. which will give the C&AG a correct appreciation of the state and efficiency of work in different wings of that office (Para 18.15(1) of Manual of Office Procedure). There is also a system of monitoring of the State of work of the field offices. There is thus adequate arrangement for audit and inspection.

## 2

Circular No. NGE/34/93  
No. 449-N4/40-93  
Dated: 09.12.1993

To

- i) All Heads of Offices in IA&AD as per mailing list (except overseas Audit offices in Washington and London)
- ii) A.C (P). Director (P). AC (N), AC (C) of HQrs. Office.
- iii) OE & Admn. Section, GE. I., GE, II. C.A.I. Section Legal Cell of HQrs. Office

Sub: Central (Civil) Services (Recognition of Service Association) Rules, 1993.

Sir,

A copy of Government of India, Department of Personnel and Training, New Delhi, O.M. No. 2/10/80-JCA dated the 9th November, 1993 along with Notification No. 2/10/80-JCA (Vol. IV) Dated the 5th November, 1993 on the above subject is forwarded for information.

2. A copy of the Central Civil Services (Recognition of Service Associations) Rules 1993, may please be provided to all associations of employees in your office.

3. In future, while forwarding the application for recognition of associations compliance with the provisions of the new rules may be examined and compliance of non-compliance indicated. Association which are already recognised may specifically be apprised of the provision of rule 4,5,6 and 7.

4. Kindly acknowledge the receipt of this letter.

Yours faithfully,

Sd/-  
(S.K SHARMA)  
Administrative Officer

No. 2/10/80-JCA (Vol. IV)  
Government of India  
Ministry of Personnel, Public Grievances & Pensions  
(Department of Personnel & Training)

New Delhi, the 5th November, 1993

#### NOTIFICATION

In exercise of the powers conferred by the proviso to article 309 and clause (5) of article 148 of the Constitution, after consultation with the Comptroller and Auditor General in relation to persons serving in the Indian Audit and Accounts Department, and in supersession of the Central Civil Services (Recognition of Service Associations) Rules, 1959 except as respects things done or omitted to be done before such supersession, the President hereby makes the following rules, namely:

1. Short title and commencement: (1) these rules may be called the Central Civil Services (Recognition of Service Associations) Rules, 1993. (2) They shall come into force on the date of their publication in the official gazette.
2. Definition: In these rules, unless the context otherwise requires,
  - a. "Government" means the Central Government.
  - b. "Government servant" means any person to whom the Central Civil Services (Conduct) Rules, 1964, apply.
3. Application: These rules shall apply to Service Associations of all Government servants including civilian government servants in the Defence Services but shall not apply to industrial employees of the Ministry of Railways and workers employed in Defence Installations of Ministry of Defence for whom separate Rules of Recognition exist.
4. Service Associations already recognized: A Service Association or a Federation which has been recognized by the Government before the commencement of these rules and in respect of which the recognition is subsisting at such commencement, shall continue to be so recognized for a period of one year from such commencement or till the date on which the recognition is withdrawn, whichever is earlier.

5. Conditions for recognition of Service Associations: A Service Association which fulfills the following conditions may be recognised by the Government, namely:
- a) An application for recognition of Service Association has been made to the Government containing Memorandum of Association, Constitution, Bye-laws of the Association, Names of Office-Bearers, total membership and any other information as may be required by the Government;
  - b) The Service Association has been formed primarily with the object of promoting the common service interest of its members;
  - c) Membership of the Service Association has been restricted to a distinct category of Government servants having common interest, all such Government servants' being eligible for membership of the Service Association;
  - d) (i) The Association represents minimum 35 percent of total number of a category of employees provided that where there is only one Association which commands more than 35 percent membership, another Association with second highest membership although less than 35 percent may be recognized if it commands atleast 15 percent membership; (ii) The membership of the Government servant shall be automatically discontinued on his ceasing to belong to such category.
  - e) Government employees who are in service shall be members or office bearers of the Service Association;
  - f) The Service Association shall not be forced to represent the interests, or on the basis, of any caste, tribe or religious denomination or of any group within or section of such caste, tribe or religious denomination;
  - g) The Executive of the Service Association has been appointed from amongst the members only; and
  - h) The funds of the Service Association consist exclusively of subscriptions from members and grants, if any, made by the Government, and are applied only for the furtherance of the objects of the Service Association.
6. Conditions subject to which recognition is continued: Every Service Association recognized under these Rules shall comply with the following conditions, namely:
- a) the Service Association shall not send any representation or deputation except in connection with a matter which is of common interest to members of the Service Association;
  - b) The Service Association shall not espouse or support the cause of individual Government servants relating to service matters;
  - c) The service Association shall not maintain any political fund or lend itself to the propagation of the views of any political party or a member of such party;
  - d) All representations by the Service Association shall be submitted through proper channel and shall be addressed to the Secretary to

the Government/Head of the Organization or Head of the Department or Office;

- e) A list of members and office bearers, and up-to-date copy of the rules and an audited statement of accounts of the Service Association shall be furnished to the Government annually through proper channel after the general annual meeting so as to reach the Government before the 1<sup>st</sup> day of July each year;
- f) The Service Association shall abide by, and comply with all the provisions of its constitution/bye-laws;
- g) Any amendment in the constitution/bye-laws of the Service Association, after its recognition under these Rules, shall be made only with the prior approval of the Government;
- h) The Service Association shall not start or publish any periodical, magazine or bulletin without the previous approval of the Government;
- i) The Service Association shall cease to publish any periodical, magazine or bulletin, if directed by the Government to do so, on the ground that the publication thereof is prejudicial to the interests of the Central Government, the Government of any State or any Government authority or to good relations between Government servants and the Government or any Government authority, or to good relations between the Government of India and the Government of a foreign State;
- j) The Service Association shall not address any communication to, or enter into correspondence with, a foreign authority except through the Government which shall have the right to withhold it;
- k) The Service Association shall not do any act or assist in the doing of any act which, if done by a Government servant, would contravene any of the provisions of the Central Civil Services (Conduct) Rules, 1964; and
- l) Communications addressed by the Service Association or by any office-bearer on its behalf to the Government or a Government authority shall not contain any disrespectful or improper language.

7. Verification of Membership:

- 1) the verification of membership for the purpose of recognition of a Service Association shall be done by the check-off-system in pay-rolls at such intervals and in such manner as the Government may by order prescribe.
- 2) the Government may, at any time, order a special verification of membership if it is of the opinion, after an enquiry that the Service Association does not have the membership required under sub-clause (i) of clause (d) of rule 5.

8. Withdrawal of Recognition: If, in the opinion of the Government, a Service Association recognized under these rules has failed to comply with any of the conditions set out in rule 5 or rule 6 or rule 7 the Government may after giving an opportunity to the Service Association to present its case, withdraw the recognition accorded to such Association.

9. Relaxation: The Government may dispense with or relax the requirements of any of these rules to such extent and subject to such conditions as it may deem fit in regard to any Service Association.
10. Interpretation: If any question arises as to the interpretation of any of the provisions of these rules or if there is any dispute relating to fulfillment of conditions for recognition it shall be referred to the Government, whose decision thereon shall be final.

Sd/-  
(J.S. Mathur)  
Joint Secretary to the Government of India

3

No. 2/8/2001-PIC  
Government of India  
Ministry of Personnel, Public Grievances & Pensions  
Department of Personnel & Training  
New Delhi, the 16th May, 2001

### OFFICE MEMORANDUM

Subject: Optimisation of direct recruitment to civilian posts

The Finance Minister while presenting the Budget for 2001–2002 has stated that “all requirements of recruitment will be scrutinised to ensure that fresh recruitment is limited to 1 percent of total civilian staff strength. As about 3 percent of staff retire every year, this will reduce the manpower by 2 percent per annum achieving a reduction of 10 percent in five years as announced by the Prime Minister.”

1.2 The Expenditure Reforms Commission had also considered the issue and had recommended that each Ministry/Department may formulate Annual Direct Recruitment Plans through the mechanism of Screening Committee.

2.1 All Ministries/Departments are accordingly requested to prepare Annual Direct Recruitment Plans covering the requirements of all cadres, whether managed by that Ministry/Department itself, or managed by the Department of Personnel & Training, etc. The task of preparing the Annual Recruitment Plan will be undertaken in each Ministry/Department by a Screening Committee headed by the Secretary of that Ministry/Department as Member Secretary. The Committee would also have one senior representative each of the Department of Personnel & Training and the Department of Expenditure. While the Annual Recruitment Plans for vacancies in Groups ‘B’, ‘C’ and ‘D’ could be cleared by this Committee itself, in the case of Group ‘A’ Services, the Annual Recruitment Plan would be cleared by a Committee headed by Cabinet

Secretary with Secretary of the Department concerned, Secretary (DOPT) and Secretary (Expenditure) as Members.

2.2 While preparing the Annual Recruitment Plans, the concerned Screening Committees would ensure that direct recruitment does not in any case exceed one percent of the total sanctioned strength of the Department. Since about 3 percent of staff retire every year, this would translate into only 1/3rd of the direct recruitment vacancies occurring each year being filled up. Accordingly, direct recruitment would be limited to 1/3rd of the direct recruitment vacancies arising in the year subject to a further ceiling that it does not exceed one percent of the total sanctioned strength of the Department. While examining the vacancies to be filled up, the functional needs of the organisation would be critically examined so that there is flexibility in filling up vacancies in various cadres depending upon their relative functional needs. To amplify, in case an organisation needs certain posts to be filled up for safety/security/operational consideration corresponding reduction in direct recruitment in other cadres of the organisation may be done with a view to restricting the overall direct recruitment to one-third of vacancies meant for direct recruitment subject to the condition that the total vacancies proposed for filling up should be within the 1 percent ceiling. The remaining vacancies meant for direct recruitment which are not cleared by the Screening Committee will not be filled up by promotion or otherwise and these posts will stand abolished.

2.3 While the Annual Recruitment Plan would have to be prepared immediately for vacancies anticipated in 2001–02, the issue of filling up of direct recruitment vacancies existing on the date of issue of these orders, which are less than one year old and for which recruitment action has not yet been finalised, may also be critically reviewed by Ministries/Departments and placed before the Screening Committees for action as at para 2.2 above.

2.4 The vacancies finally cleared by the Screening Committees will be filled up duly applying the rules for reservation, handicapped, compassionate quotas thereon. Further, administrative Ministries/ Departments/Units would obtain before hand a No Objection Certificate from the Surplus Cell of the Department of Personnel and Training/Director General, Employment and Training that suitable personnel are not available for appointment against the posts meant for direct recruitment and only thereafter place indents for Direct Recruitment. Recruiting agencies would not accept any indents which are not accompanied by a certificate indicating that the same has been cleared by the concerned Screening Committee and that suitable personnel are not available with the Surplus Cell.

3. The other modes of recruitment (including that of 'promotion') prescribed in the Recruitment Rules/Service Rules would, however, continue to be adhered to as per the provisions of the notified Recruitment Rules/ Service Rules.

4. The provisions of this Office Memorandum would be applicable to all Central Government Ministries/Departments/organisations including Ministry of Railways, Department of Posts, Department of Telecom, autonomous bodies—

wholly or partly financed by the Government, Statutory corporations/bodies, civilians in Defence and non-combatised posts in Para Military Forces.

5. All Ministries/Departments are requested to circulate the orders to their attached and subordinate offices, autonomous bodies, etc. under their administrative control. Secretaries of administrative Ministries/Departments may ensure that action based on these orders is taken immediately.

6. Hindi version will follow.

Sd/-  
(Harinder Singh)  
Joint Secretary to the Government of India

To,

1. All Ministries/ Departments to the Government of India (as per standard distribution list)
2. Chairman, RRB, SSC, UPSC and C&AG
3. All Financial Advisers (By name)

4

Circular No. 31/NGE/2003  
No. 611-NGE (App)/37-2003  
Dated: 12 August, 2003

To

1. All Heads of Department in IA&AD
2. A.C.(C)/Director (P)
3. G.E. II/NGE (Entt.)/NGE (JCM)/Examination/O.E. & Bills (Estt.)/Audit (Rules)

Subject: Permission to A&E staff to appear in S.O.G.E. (Civil Audit) for their eventual absorption in Audit stream.

Sir/Madam,

It has been decided to allow following categories of candidates from A&E stream to appear at the SOGE (Civil Audit) for their eventual absorption in Civil Audit Offices:

- a) Those who have already passed Part II of SOGE (Civil Accounts) and are still awaiting promotion as Section Officer (Accounts) or Ad-hoc Section Officers (Accounts) who are still awaiting regularisation as Section Officers will have to clear only the remaining papers of Part-II of SOGE (Civil Audit). Their appointment as Section Officer (Audit) shall be reckoned from the date of joining to the post after clearing remaining papers of Part-II of SOGE (Civil Audit).



- b) Those who have passed Part I of SOGE (Civil Audit) will have to clear Part II of SOGE (Civil Audit).
- c) Those who have not cleared some of the papers of Part I/Part II of SOGE (Civil Accounts) will have to clear the remaining papers of SOGE (Civil Audit).
- d) Fresh candidates subject to conditions laid down in para 9.2.16 of C&AG, MSO (Admn.) Vol. I.

2. The candidates of A&E offices passing SOGE (Civil Audit) will be absorbed in Civil Audit offices against vacancies in Section Officer's cadre remaining unfilled due to non-availability of eligible audit staff for promotion as Section Officer.

3. The seniority of candidates of A&E stream getting absorbed in Civil Audit stream after passing SOGE (Civil Audit) would be determined as below:

- (i) All the A&E candidates on their absorption as Section Officer (Audit) shall rank below the promotees of Civil Audit Office promoted as Section Officer (Audit) on the same occasion.
- (ii) Among the A&E candidates of the same batch of SOGE (Civil Audit), their seniority in the cadre of SO (Audit) would be determined as per their inter se seniority in the parent A&E office subject to provisions of para 5.7 of C&AG, MSO (Admn.) Vol. I. However, in the cases of A&E candidates coming to a Civil Audit office from more than one A&E offices, their seniority would be determined as per their length of service in the feeder cadres in their respective offices.

4. The candidates from A&E stream will have their pay protected on their absorption as Section Officer (Audit) in Civil Audit Offices.

5. Hindi version will follow.

Your faithfully,

Sd/-

(Manish Kumar)

Asstt. Comptroller & Auditor General (N)

## 5

Circular No. 32 N.G.E. (App)/2006

No. 829 N.G.E. (App)/43-2006

Dated: 18.10.2006

To

- 1. All Heads of department in IA&AD (as per mailing list)
- 2. All officers in the Headquarters office

Sub: Outsourcing of routine services performed by the Gr. 'D' staff-regarding.

Sir/Madam,

In the interest of economy and efficiency in the department, the issue of outsourcing the routine jobs such as cleaning, maintenance, moving papers/dak etc., performed by the Gr. 'D' staff, was under consideration for some

time past. It has now been decided that offices, where such work can not be managed due to shortage of regular employees, may consider the desirability of getting these works done wholly or partially through outsourcing. If considered necessary, the proposal for outsourcing along with full justification may be sent to this office for approval. While getting the work done through outsourcing, the following guidelines, in addition to the instructions contained in Rule 178 to 185 of GFRs-2005, may also be kept in mind:-

- a) The outsourcing agency should be selected through competitive bidding and must be of repute as well as registered with the Labour /EPF Commissioner.
- b) The comparative performance of the agencies making the bid should not be merely judged through documents presented by them but the same should also be ascertained through their previous /present employers as well as through local resources.
- c) The total cost involved in outsourcing must not exceed the cost, which would have been incurred while getting the job done through regular employment.
- d) In the contract entered into with the outsourcing agency, the terms of contract must be definite, unambiguous and containing provisions for revocation or cancellation of the said contract at any time before the expiry of contract period if the outsourcing agency fails to carry out any of the provisions of the contract satisfactory.
- e) In case, government property is entrusted to the outsourcing agency for performance of the jobs agreed to, there must be a provision in the contract to safeguard the said property.
- f) After outsourcing any service, no casual worker should be engaged for that and the cost of outsourcing is to be met from the budget under the head 'Other Office Expenses'.

Yours faithfully

Sd/-

(Manish Kumar)

Asstt. Comptroller & Auditor General (N)

6

Circular No. 03-NGE/2007  
No. 108-NGE(Disc.)/10-2005 KW  
Dated: 12.02.2007

To,  
All Heads of Department in IA &AD  
(as per mailing list)

Subject: Gender Perspective Plan 2007–2012

Sir/Madam,

I am to invite a reference to this office Circular no. 5/NGE/2006 issued under letter No. 86-NGE (Disc.)/10-2005 KW dated 08.02.2006 with regard to Guidance Note on combating sexual harassment of working women. To evolve a policy on concern areas of working women the Gender Perspective Plan of the Indian Audit & Accounts Department was under consideration in this office.

The Gender Perspective Plan 2007–2012 has now been approved by the Comptroller and Auditor General of India. A copy of the Gender Perspective Plan (GP Plan) 2007–2012 is forwarded herewith for information and its strict compliance. The main objective of this Gender Perspective Plan is to make the working places in the Indian Audit and Accounts Department more satisfactory for the working women. Specific Action Points, Nodal Officers and Time frame have been prescribed therein for each of eight identified categories of policies.

It is hence requested to ensure its compliance to achieve the desired targets.

The receipt of the circular may kindly be acknowledged.

Yours faithfully,  
Sd/-  
(Manish Kumar)  
Assistant Comptroller & Auditor General (N)

Enclosure: As above

## GLOSSARY OF ABBREVIATIONS

A&E	Accounts & Entitlement
BMS	Building Management System
BSNL	Bharat Sanchar Nigam Limited
CA	Chartered Accountant
CAP	Central Audit Party
CASS	Central Audit Support Section
CCO	Chief Controlling Officer
CFA	Certified Financial Analyst
CPIO	Central Public Information Officer
DFP	Delegation of Financial Powers
DoPT	Department of Personnel & Training
EDP	Electronic Data Processing
HoD	Head of Department
HR	Human Resource
ICWA	Institute of Cost and Works Accountants
IGNOU	Indira Gandhi National Open University
IIM	Indian Institute of Management
IPAI	Institute of Public Auditors of India
ITA	Internal Test Audit
MBA	Master of Business Administration
OM	Office Memorandum
P&T	Post & Telecommunications
PAO	Pay and Accounts Office
PSU	Public Sector Undertaking
RTI	Regional Training Institute
SOGE	Section Officers' Grade Examinaiton
UDC	Upper Division Clerk
UPSC	Union Public Service Commission