



“New Challenges for Performance Audit”

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New challenges for Performance Audit

I. Introduction

Performance auditing examines the economy, efficiency and effectiveness of Government programs and organizations. It is based on decisions made and goals set by the legislature, and may be carried out throughout the whole public sector. It is an independent examination made on a non-recurring basis. It is by nature wide-ranging and open to judgments and interpretations. Within its legal mandate, Performance Auditing must be free to examine all Government activities from different perspectives.

1. The evolution of the institution of the Comptroller and Auditor General has been shaped in most parts by the changes in the political realm. When the institution was founded in 1858, following the administrative reorganization carried out by Lord Canning, it was a colonial law and order state and audit was designed as expenditure audit- the emphasis was on checking individual transactions for financial regularity. Post independence the nature of the state changed to an instrument of socio economic development. In tune with the then prevailing theory of state led developmental paradigm, audit focused on value for money or efficiency cum performance audit¹.

2. Post 1991 India witnessed economic reforms, globalization and the Information and Communication Technology (ICT) revolution all leading to rapid economic growth. Deepening of India's democracy led to increased demands from the state both for inclusive growth as well as transparency and accountability. This was coupled with increased Government revenues and also increased Government expenditure especially on social welfare schemes to foster 'inclusive growth'. The expenditure incurred by the Government of India has increased by 250 *per cent* over the last ten years. The citizens and other stakeholders need an assurance that their i.e. taxpayer's money is being spent economically and efficiently and that the programs are delivering what was intended.

3. Performance auditing is an innovation as compared to the conventional financial and compliance audits being conducted by auditors worldwide. It is a way for taxpayers, financiers, legislatures, executives, ordinary citizens and the media to 'execute control' and to obtain insight into the running and outcome of different Government activities. It may contribute to increased accountability, transparency and better governance demanded by citizens and other stakeholders by producing reliable information and impartial assessment on the economy, efficiency, and effectiveness of Government programs.

4. Despite a high rate of growth of the Indian economy, the Governments continue to be responsible for providing most basic services to the common citizen e.g. health, education, infrastructure. One of the objectives of the Governments today is to improve the

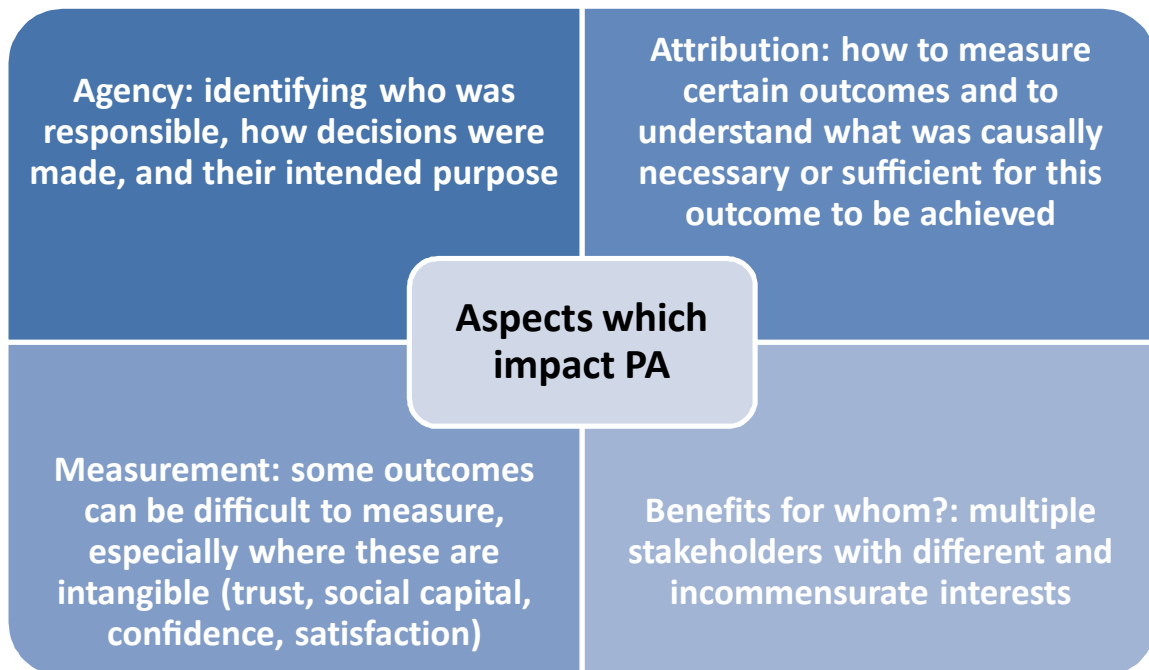
¹ ECPA is a technique of Audit adopted to assess and evaluate the economy, efficiency and effectiveness of development schemes, projects or organizations also known as three Es Audit.

quality of public services. Accordingly, they have embarked on modernisation programs to deliver better services that are, for instance, more easily accessible and convenient, provide citizens with more choice, and are delivered more quickly. The ministries and their subordinate bodies are responsible for ensuring that good internal control routines are established. Unfortunately, in India the internal controls are generally inadequate. Even the regular program monitoring and evaluation by the implementing or funding agency is far from satisfactory. Under these circumstances the stakeholders are left with no choice but to refer to the independent evaluation by the Performance Auditor.

5. With a paradigm shift in devolution of financial resources from Union Government to State Governments and to PRIs, chasing the rupee has become even more challenging. In addition, Government has recognized PPP to be preferred mode for provision of infrastructure projects both on account of availability of resources and efficiency in service delivery. While on one hand it raises expectations from the Performance Auditors, on the other it also highlights the challenge for them. At least part of the response to this must be to adopt a more sophisticated set of audit approaches and methodologies.

6. Performance audit must rise to these new challenges i.e. demands for greater accountability, transparency and better governance. It serves as an instrument to promote public accountability and is an aid to good governance. While continuing to encompass the concepts of traditional audits- financial and compliance audits, it is also expected to address the concerns of equity, ethics and even environment while assessing the effectiveness of a program or activity.

7. Performance audits aim to understand what difference a service, regulation, or other activity makes, at what cost, and who bears the costs. As such, they are affected by four aspects. These are as follows:



II. CAG's mandate for PA

8. Audit by the Comptroller and Auditor General of India encompasses financial, compliance and performance audit. Currently all such audit reports by the Comptroller and Auditor General of India (CAG) are prepared for submission to the President of India/Governors of States under Article 151 of the Constitution. The mandate of the CAG of India for performance audit is governed under Sections 13, 14, 15, 16, 17, 19 and 20 read with Section 23 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service), Act 1971. The mandate is further established by practice and conventions. SAI India has been carrying out Performance audit for the last 40 years relating to the receipts and expenditure of the Union and State Governments, Government supported autonomous bodies and other public sector undertakings on a variety of subjects. In their earlier avatars they were popularly called, "Reviews". A review of the working of a project/scheme/organization with a view to assessing and evaluating the achievements used to cover both financial and socio economic aspects.

III. New challenges in undertaking PAs

9. We live in an era where the clamor for transparency and accountability has become louder and louder and old governance models are being questioned daily. The CAG is no longer being looked upon as merely a 'book-keeper' but as the 'conscience keeper' of the nation. This places additional responsibility on us as an institution to constantly upgrade our skills and audit processes so that the audit reports including PAs generated by us remain credible and stand critical scrutiny. Some of the challenges that we face today are:

Changing external environment and role of Government

10. In recent decades the act of governing has become very dispersed and the "problem of many hands" has meant that performance auditors need to interrogate not simply one decision-maker but to understand a potentially long chain of interactions – potentially with feedback loops – which culminate in particular outcomes. Public services have become more complex as policy-makers create integrated programs which cut across several sectors. There is also the problem of fragmentation of service delivery where multiple agencies seek to deliver similar sets of outcomes to the citizen. Adding to this is the issue of vertical and horizontal levels of governance where Centre, States and local bodies are all involved in delivering services, either jointly or parallel. Information technology has made considerable inroads into many Government Departments particularly in Union and some of the State Governments. At the same time civil society has also become more proactive in the context of sustainable development.

11. While we have earned a high degree of respect and credibility in the eyes of the public and deemed to be an important pillar fostering transparency and accountability, we as an institution have to be alive to the environment around us. This brings forth the following concerns:

(a) Increased expectations from public and other stakeholders in our functioning and reports: There is an increased demand for CAG's audit appraisals for more and more Government activities. This was clearly witnessed during the reports on Commonwealth games and 2G Spectrum allocation where different stakeholders like parliamentarians, activists, media etc were waiting for the tabling of these reports.

- (b) Public scrutiny of our processes has increased.
- (c) With the passage of the Right to Information (RTI) Act, there is greater public access to Government decision making

In the light of these, the following issues are flagged for deliberation:

Should we deploy more resources for conducting Performance Auditing? Should we cover more schemes etc. under Performance Auditing? This may have to be seen in conjunction with the CCO based audit? Do we need to revisit our strategy for selection of topics for PA?

We do have a Quality Control mechanism in place? Is it adequate to meet the challenges thrown up by increased visibility and expectations from the stakeholders? How do we move towards a comprehensive Quality Assurance mechanism?

In the charged political atmosphere prevailing in the country, the political class too sees CAG reports as a means to highlight the failings of the Government of the day. Leakages of reports still in the draft stage are being witnessed. What efforts should be made including changes in law if any, to stop leakages of the CAG report before they are tabled before the legislature?

- (d) The view that Performance Audit is an aid to management and a tool of governance improvement is still to be accepted whole heartedly by the executive. Though they might pay lip service, audit in reality is still looked upon as a negative instrument intent on finding fault with executive action. Perception of the Auditor is that the Executive does not care about governance. Irrespective of perceptions, Executive is accountable for all the acts of commission and omission. Performance audit is inherently linked to the ideas of delivery of public benefits. One of its purposes is to strengthen accountability by making evidence available to the stakeholders. Paul Appelby, an expert in public administration in his observation summed up the executive's view of audit when he said that auditing was a highly pedestrian function with a narrow perspective and a very limited utility, and the institution of audit had induced a widespread and paralyzing unwillingness in the Government departments to decide and act. Such a view translates into many ways in which departments thwart audit.

The question then arises is what can audit do to change this mindset of the executive? What are the steps that we as an organization need to take so that we win the confidence of the executive that we are indeed an aid to management and not merely a 'fault-finding, nit-picking' agency?

- (e) As Indian polity becomes more and more federal and stress on democratic decentralization increases, more and more funds are being earmarked for and spent by the third tier of Governments' i.e. Panchayats and the municipalities. In a radical departure from the past, the 13th Finance Commission (FC) has devolved to the Panchayats a share of the divisible pool, instead of mere lump sum, de facto recognizing the Panchayats as the third tier of Government. Similarly to bolster the finances of the Urban Local Bodies (ULBs), the

13th FC provided a quantum leap in their grants as well as reiterated the need to support them with predictable and buoyant source of revenues in addition to their own tax revenues. It has recommended a total grant in aid of Rs. 23,473 crore for the period 2010-15 for ULBs. These local bodies also serve as the main implementing agencies of the various state and central Government schemes through which funds are distributed to the beneficiaries or expenditures to various social development schemes are made. While the delivery demands on these institutions have increased, their delivery capacity still lags behind in effectively meeting these demands thus calling into question the effectiveness of program delivery and fear of pilferages. Audit experience during the conduct of PA in these institutions tells us that the record keeping in many of these institutions is far from satisfactory. The internal controls are almost non-existent and there is a question mark on quality of accounts.

Since audit process primarily depends on the analysis/examination of records, this poses a risk to audit. How do we address this risk?

(f) Lately Non-Governmental Organizations (NGOs) have gradually emerged as an important vehicle for implementation of the Government schemes. By seeking to involve the NGOs in the delivery of Government programs, Governments seek not only to cut down on their delivery costs but also to bridge their capacity deficit. Instances have also been reported in the press highlighting cases where disbursements have been made to these NGOs for ulterior motives. Many of these NGOs do not fall within the audit mandate of the CAG. This prevents Audit from checking economy, efficiency and effectiveness of the expenditure made by these NGOs as Audit can only check the physical and financial progress reports submitted by these NGOs to the grant disbursing authority.

Is there not a need to impress upon the legislature/Government to change the scope of CAG's DPC Act 1971 to include these NGOs' and bring them within the ambit of CAG's audit mandate?

IV. Performance audit methodology

12. The performance audit guidelines were formalized and issued by the CAG of India for the Indian Audits and Accounts Department (IAAD) in May 2004. These guidelines are largely based on ISSAIs 3000. They contain comprehensive operational standards in relation to performance audit within the IAAD. It states that the salient features of the performance audit undertaken within IAAD will consist among others, of strategic planning in pursuit of realization of strategic goals and objectives, risk based planning and selection of subjects and attainment of the ultimate objective of value addition to public sector programs. It also calls for a high degree of interaction with the audited entities.

13. Despite Performance audit having been introduced in its rigorous avatar in 2004, the focus of Performance audits has not cast off the mindset of compliance and financial audits. PA reports are 'product-centric' rather than 'process-centric'. It is also argued that some of the PA processes as defined in our PA guidelines like 'study design matrix' are duplications of 'issue analyses' and need to be done away with. Also there is a need to streamline the reviewing process of the PA reports which at times makes multiple journeys to the HQ

office. On the other hand there are issues regarding gaps in documentation, insufficiency of acceptable evidence and lack of objective analysis in development of audit conclusions.

14. Though these guidelines are comprehensive and have stood the test of times, without in any way suggesting the complete rewriting/overhaul of the guidelines, we are flagging some issues for deliberation/discussion:

Conceptual Framework

15. While performance auditing has been defined both in the guidelines issued by the IAAD and in the ISSAIs, we find that in practice we are dealing with at least four audit products namely PAs, reports on CCO based audits, District based audits and Theme based audits which fall in category of what we popularly call "Review". The rigour of PA is of course expected to be followed in case of PA.

How do we treat these different audit products? If we consider them as PA then is rigour of PA required to be followed in all such cases? Do we have to redefine the four audit products in a mutually exclusive fashion? To what extent are we ISSAI compliant in practice?

Audit Planning

16. Strategic planning is a very useful tool to determine priorities and identify the areas for performance auditing. The PA guidelines clearly lay down the road map for selection of topics and also suggest consultation with the audited entity at appropriate level including seeking views of the agencies like Planning Commission.

- (a) Should we re-evaluate the protocols related to selection of subjects and do we need to evolve risk based approach to planning PAs? How is a risk matrix to be developed and what are the key risk parameters those need to be developed in assigning weightage to different risks identified?**
- (b) Should the State PAGs/AGs have a role in selecting the topic for All India Reviews? The ground realities in different states differ and a scheme which may be of utmost social/economic importance for one state may not be the same for the other state. A case in point is while the Pradhan Mantri Gram Sadak Yojna (PMGSY) may be important for a state like Bihar where rural connectivity is poor; it may not be of such importance for Gujarat, where most villages are already connected by paved bituminous roads. Since the conduct of PA requires time and effort, should state PAGs/AGs be given the flexibility, based on well reasoned argument to opt out of All India Reviews?**
- (c) Topics of PAs are selected only with limited consultation with all the stakeholders involved. Rarely is the top management of the audited entity consulted during the risk assessment exercise or time of firming up the topic of PA. What could be an effective mechanism to involve the audited entity in selection of topic for PA?**

17. The complexity of the subjects being selected for PA is increasing. While it may be difficult to develop in house expertise in all areas of Government functioning, engagement

of experts from outside may involve not only the additional costs but also make SAI India vulnerable to their ideological predilections.

Should the organization appoint an in house team to track and disseminate latest developments in specific sectors (like health, education, agriculture, oil, power, science and technology)?

Can this work be assigned to some of the RTIs with a very clearly defined role and expectations?

This also begs the question as to what extent we need to supplement these through engagement of domain experts.

Implementation of PA

18. The PA guidelines prescribe a detailed methodology for preparation of individual PA audit plans including Issue Analysis, Study Design Matrix etc. The most important steps in drawing up an audit plan include, defining the specific issue to be studied and the audit objectives, developing the scope and the design of the audit, defining the audit criteria, determining the quality assurance, the timetable, and the resources.

19. To measure the results of programs and projects it is necessary to set some performance indicators for each of the objectives. However, in certain situations such indicators may not be available in the project or program documents. In the absence of performance indicators laid down by the management it becomes difficult to lay down audit criteria. Alternatively, we as auditors may not agree with the available performance indicators. They may either not be relevant or not be capable of being measured accurately.

How do we decide performance indicators while conducting PAs of schemes, programs or entities where none are available or where we do not agree with the available performance indicators?

20. Another critical issue is the selection of the sample on which our findings and recommendations are based. Unless our samples are representative of the total population our recommendations will lack credibility and acceptance. But there is a need to strike a balance between selecting a sample large enough to be reliable and the associated time and costs involved.

How do we strike this balance so that our findings based on a representative sample are accepted by the audited entities and also that audit costs, in terms of time and resources, are deemed reasonable?

Can we move to next stage where we can extrapolate the results of the sample to entire population?

21. Performance auditing guidelines envisage a clear linkage between audit objectives, audit criteria, findings, conclusions and recommendations. One of the criticisms of the PAs is that audit objectives are very broad and many times are changed mid course. The one to

one correspondence between audit objectives and audit criteria is missing in some cases. The counter view is that there is a repetition in the form of Study Design Matrix. We would like to flag following issues for discussion.

How to identify audit objectives?

How to determine audit criteria?

Do we need to revisit the concept of the Study Design Matrix?

22. The question of timeliness of audit reports is closely linked to topicality, for if the PAs are presented to the legislatures after too long a time lag, they lose their relevance as instruments of accountability for the delinquent functionaries concerned may have left the department, retired or may even died. Thus timeliness has twofold implications namely relevance and topicality and fixing responsibility/accountability. The PAs need to be completed within the prescribed timeframe and also presented to the Legislature.

Is there a need to re-evaluate the time frames with reference to conducting PAs? Can an optimum time be set at the beginning of the PA activity itself? This is easier said than done for the timely completion of PA is not only a factor of audit sincerity and capability but also dependent on audited entity's cooperation, effective record maintenance and their availability. Should we consult the audited entity regarding the convenience of the management at the beginning of the process while determining the time schedule of the PA, to ensure cooperation?

Reporting

23. Chapter six of the PA guidelines of IAAD lay down the standards and best practices of reporting process for the PA report containing audit findings and recommendations. The guidelines emphasize that the PA reports should be accurate, concise, objective, balanced. In practice there may be issues relating to objectivity, accuracy etc.

How do we ensure 100 percent accuracy? Do we need to assign responsibility of factual accuracy to officers at a particular level?

Do we need to present the views of the audited entity in the PA in greater length?

Is there a need to re-visit our reporting style and develop a more contemporary style of reporting?

How do we move to more balanced reporting?

How do we improve readability and structure of the report?

How do we make our reports concise without losing significant findings?

Follow-up of PA reports

24. PA reports are essentially a 'means' to an 'end' of improving public sector performance and accountability. This can be achieved through implementation of recommendations contained in the performance audits. Consistent and systematic follow up process in SAI may contribute significantly to the effectiveness of performance audit in improving programme management. It has been seen that the executive is not proactive enough in acting on the recommendations of the CAG. During the year 2010-11, the CAG approved 193 PA reports (28 at the Union level and 165 at the state level) and made 1602 recommendations (289 at Union level and 1313 at the state level) to the audited entities. Of these recommendations only 635 (102 at Union level and 533 at the state level) i.e. 40 per cent were accepted by the audited entities. No action was taken on the other (60 per cent) recommendations by these entities.

25. Critics argue that sometimes the 'recommendations' made in the PA are too general and not specific enough for the executive to implement. They do not bring out clearly what needs to be done nor do they specify who needs to do it. Also before making the recommendation, the cost benefit analyses of the recommendations, if implemented are not thought through. We need to deliberate on following issues:

How to ensure that recommendations are not too general and stating the obvious? Can recommendations be made more actionable, if possible with a timeframe?

Also what new methods of follow up of PAs will be more effective in ensuring response to our findings and improvement in governance processes?

26. The Public Accounts Committee (PAC) and Committee on Public Undertakings (COPU) are the main partners of CAG in ensuring accountability. However considerable delays take place in considering the CAG reports by the PAC and in some cases important PAs are not even taken up for consideration at all. Delays are also noticed in the finalization of reports of the committees, the response of the departments and their consideration by the committees and in finalizing recommendations of the committees to parliament. As of 31 March 2011, 22070 Action taken notes (ATNs) on audit reports of previous years were awaited at the Union and the state levels. Such delay by the legislative committees serving as vanguards to ensure transparency and accountability of the executive seriously undermines the institution of CAG as an instrument of accountability and transparency.

Organizational Issues

27. Comprehensive data bank including shelf of projects for reviews, key sectoral parameters and sector audit issues are a key facilitator of any Performance Audit. In present scheme of things, such an arrangement is missing. Prior to 2004, when the new guidelines for performance auditing were issued, there used be an institutional arrangement in the form of ECPA section directly under the charge of Accountant General. A strong ECPA section comprising of one Sr.AO and one AAO would be able to telescope the time frame for a PA by building up domain knowledge, help in selection of PA, build up a shelf of subjects

for review, organize training in consultation with RTI, carry out pilot studies, do research, institutionalize methodology, and help the AG in briefing/ debriefing Group Officers and PA parties, do mid term appraisals of PA and carry out course corrections, help in the entry and exit engagements, etc. ECPA then could be seen as an additional resource centre for PAs.

Can an arrangement in every field office on similar lines be thought of for institutional memory for strengthening performance audits? If yes, what should be the responsibilities of the ECPA?

28. It is generally thought that presently there is disconnect between how IA&AS officers approach PAs and how SrAOs/AOs/AOs perceive it.

Is there a need to devise a structural instructional design and delivery approach which will bring all officials as well as IA&AS officers on the same page?

29. Skills of the auditor and domain knowledge are important determinants of quality of the PA report. Performance Auditing guidelines as well as Code of Ethics provide for deployment of the competent staff for Performance Auditing. There are certain arrangements for imparting training to all the officials through RTIs and Standard Training Modules as far as methodology is concerned. A very comprehensive capacity building initiative was undertaken to disseminate the PA guidelines a few years ago. Regarding domain knowledge we do not have any institutional arrangement.

Do we consider present arrangement with the RTIs regarding training on PAs as adequate? Is there a need to do refresher courses? What are the steps needed for institutionalizing the domain knowledge.

Towards a new approach: Increasing impact of PA

Widespread consultation with all stakeholders and increasing knowledge base

30. Stakeholder engagement has been used in both the private and public spheres, as a tool for collaborative learning, conflict-resolution, as also for policy development. It can also be used as a mechanism to ensure accountability. It is not a methodology which can be used to generate evidence related to specific audit objectives. Rather, stakeholder engagement in the context of performance audits can be an effective tool for mutual learning and consensus building. It can be used to help define the focus and direction of an audit, or provide input into the analysis and interpretation of findings from available evidence.

31. The utility of stakeholder engagement depends not only upon the aim of the process, but also upon the stakeholders involved, and how their inputs are used. Stakeholder engagement is an inherently flexible approach, and can be adapted to suit the specific purposes, requirements and capacity of individual organisations.

32. It is important that there is clarity from the outset, and among all stakeholders involved, as to the specific purposes of a stakeholder engagement process. This can be

determined internally by the organisation conducting the stakeholder engagement process, but should always be communicated clearly and consistently to all external stakeholders.

33. The decision as to which stakeholders should be involved in an engagement process should follow in part from the main purpose of the stakeholder consultation, and crucially, from a careful and considered assessment of the key stakeholders in the issue at hand. It is often important to consider both up- and down-stream stakeholders, to ensure as much coverage and transparency as possible. For example, when assessing the performance of a service delivery organisation, it may be useful to involve both funders and commissioners of the services (up-stream stakeholders) as well as user groups and sub-contractors (down-stream stakeholders).

34. Stakeholder engagement should be a structured process, with formalized procedures for involvement that clearly set out expectations, norms and channels of communication between stakeholders and the audit team.

35. Widespread consultations with all stakeholders should be carried out at all stages of PA audit so that better understanding of the audit subject at hand can be developed. This should however be done within the limits of audit jurisdiction as mandated by law and should not breach the confidentiality of the reports. There is need for audit as an institution to deepen our interactions not only with the executive but also with Non-Governmental Organizations (NGOs'), think tanks, institutions, academics and subject matter experts etc. so that new perspectives on the audit subject can be developed, our knowledge base/horizon widened and audit impact enhanced. Institutional mechanisms should be put in place so that regular interactions with them takes place both at HQ level and in the field offices. The institution of the Audit Advisory Board is a welcome development in this regard and needs to be strengthened.

36. There is also a need for regular interaction with the Executive, the primary stakeholder at all stages of the PA.

Revisiting audit methodology

37. Though the PA guidelines issued in May 2004 have generally stood the test of time in the light of the experience acquired in these eight years since its formalization and issue, there is a need to revisit some of its provisions.

38. There are detailed instructions regarding Audit Planning, selection of topics, determination of Audit Objectives, Audit Criteria etc. The gaps in theory and practice need to be bridged. As already discussed above, the stakeholders need to be engaged at every stage of PA, i.e. selection of topic, determination of audit criteria etc.

39. The Audit Examination Matrix (commonly referred to as the Study Design Matrix (SDM)) while giving amplifying evidence and data gathering procedure, is found to be repetitive, cumbersome and a highly theoretical exercise. It is also time consuming and eats into the valuable field work time of PA. An in-depth analysis of the issues of PA, which are covered in the 'Issue Analysis' and elaborated/circulated in the form of a detailed questionnaire should be sufficient in producing a PA which can stand scrutiny of procedures and also add value to the audit subject. **Should the SDM be deleted from the process of PA planning?**

40. While the PA guidelines lay down that 'adequate caution should be exercised not to go beyond the mandate by trespassing political territory (policy)', there is a need to have a rethink on this and also set the broad contours within which audit as an institution would comment on policy matters. While broad policies of the Government may not be questioned, there is a need to draw the attention of the stakeholders to consider review of some policies for better governance and service delivery in the light of national/international best practices.

Reducing the time period taken for completing the PA

41. Normally it takes around a year for a PA report to be printed from the time of selection of the topic. Some state AsG often complete a PA within five to eight months. There is a need to speed up the process for PA reports so that the audit subjects remain topical. To ensure this the processing of the PA reports both at the field office and the headquarters office needs to be speeded up. It has been seen that much time is spent on correcting the drafts of the report. A style guide clearly laying down the basic structure perhaps can reduce some of the avoidable journeys of the drafts.

42. Many individuals in the Office contribute to the completion of a performance audit and the preparation of a high-quality audit report. They provide expert advice, guidance, legal counsel, challenge and review, methodology, and assistance in editing, translation and presenting the report. The final audit report is the result of the joint effort of all these individuals. Should SAI India prepare a statement of responsibility?

43. It is proposed that a standard template for CAG's audit report may be framed, approved by the relevant authorities and issued for use in the department. The reviewer of the report may then focus on the presence of the appropriate linkages in the audit report i.e. audit objective, audit criteria, findings, conclusions and recommendations. This would considerably quicken the review process and make our reports more comprehensive and standardized.

Reporting

44. Traditionally as auditors we have been shying away from reporting the good performance of the executive. This is probably because we are not sure that all deficiencies were detected during audit. This results in lack of appreciation of good performance. This often leads to our being accused of being 'fault finders' and leads to an imbalance in our PA reporting. We need to correct this by being objective in our reporting by also appreciating improvements or good performance of the executive. In the recent past, some attempts have been made to appreciate performance and report positively on performance in certain areas which was welcomed by the executive. We need to have appropriate guidelines to report the good performance of the scheme or audited entity. Such findings/comments also have to be backed by reliable and adequate evidence.

45. We need to avoid sweeping generalizations or value judgments. Every statement has to be backed by acceptable evidence. Responses received from the Executive have to be

examined objectively and incorporated in the final report. Detailed instructions exist on the subject. Challenge before us is to ensure that instructions are adhered to in letter and spirit.

46. The readership of the reports of the CAG has been usually confined to the implementing agencies and the Ministries concerned, apart from the committees of Parliament/State legislatures. One of the reasons for the limited readership has been the traditional language, style, size and presentation of the Audit Reports. By educating and sensitizing the stakeholders, it is possible to build stronger partnership with them. Accordingly the printing of a small, vibrant booklet containing the major audit findings and conclusions has been recently introduced by the CAG. The gist of the audit findings were presented in a visually appealing manner which enabled the readers to connect easily with the significant governance concerns being highlighted in the report. This practice of printing small booklets along with important PAs has had a very high impact with all stakeholders. The detailed content of this booklet must be left to the contributing office and the artwork and presentation of these booklets needs to be handled by professional graphic designers.

Follow up on our report

47. PAs should be planned in a manner that at least one PA gets presented to the legislature every session. This would help in the widest possible media coverage of the PA and lead to increased public interest. Increased public interest puts additional pressure on the executive to follow up on the deficiencies pointed out in these PA reports and take remedial measures.

48. There is a need for a qualitative and quantitative increase in the interaction between the institutions of the CAG and the legislative committees like PAC and COPU which scrutinize the CAG reports and hold the executive accountable with a view to improve governance. The state PAGs/AGs should have regular meetings with the PAC members so as to sensitize and educate them to PA findings. If possible, seminars and workshops should be held for them, especially the new members of the PAC and COPU with a view to familiarize them with the audit processes and also assist them in their functions as members of these committees.