

# **CHALLENGES OF THE OFFICES OF ACCOUNTANT GENERAL (A&E)**

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## **Challenges for the Offices of the Accountants General (A&E)**

### 1.0 Introduction

**1.1** The Offices of Accountants General (Accounts & Entitlement) came into being as part of the restructuring of cadres of the Indian Audit & Accounts Department in 1984. The bifurcation of the composite offices of Accountants General in the states was done with the objective of developing an organisational pattern suited to the altered needs of audit and to improve the maintenance of the accounts of the State Government transactions. Changes in the external and internal milieu of the Indian Audit & Accounts Department (IA&AD) have since posed new challenges to the functioning of these (A&E) offices. This paper attempts to identify these challenges and recommends possible solutions for the consideration of the participants of the XXVII Conference of Accountants General.

### 2.0 Mandate of Comptroller and Auditor General of India

**2.1** The mandate of Comptroller & Auditor General of India (C&AG of India) with regard to government accounts is both constitutional and statutory. While Article 149 of the Constitution facilitated the enactment of statute to define the duties and powers of C&AG of India with regard to accounts of the union and the states, Article 150 provided that the accounts of the Union and the States shall be kept in such form as the President may on the advice of the C&AG of India, prescribe. Article 279 has entrusted the C&AG of India with the duty to ascertain and certify the 'net proceeds' of the taxes and duties to be distributed between the Union and the States.

**2.2** The Comptroller & Auditor General's Duties, Powers and Conditions of Service Act 1971 (C&AG's DPC Act) elaborates in detail the powers and duties with regard to the accounts of the Union and States. Section 10 of Act states that C&AG of India shall be responsible for compiling the accounts of the Union and of each State from the initial and subsidiary accounts rendered by treasuries, offices or departments responsible for the keeping of such accounts. Section 11 of the Act mandates that the C&AG of India to prepare and submit annual accounts of receipts and disbursements of the Union and States/Union territories as well as Annual Appropriation Accounts. Sections 10 and 11 of the C&AG's DPC Act also provide that after consultation, the C&AG of India may be relieved from the responsibility of compiling, preparing and submission of the Accounts. Section 12 of the C&AG's DPC Act mandates the C&AG to provide information and to render assistance in preparation of annual financial statements of the Governments from the accounts of which are maintained by him if requested.

**2.3** The mandate for entitlement functions is neither constitutional nor statutory but is purely conventional. The mandate for these functions is therefore dependent on continued consent of both the State Governments and the C&AG of India. The C&AG of India presently carries out the Pension Authorisation function in 18 states, General Provident Fund Accounting and

Authorisation in 19 states and Gazetted Entitlement function in 9 states. Besides in 17 states the management of cadre of Divisional Accountants is also with the C&AG of India.

### 3.0 External Challenges

#### 3.1 Challenges pertaining to mandate

**3.1.1** The debate on separation of accounts and audit dates back to 1924 as stated by Mr. M. S. Ramayyar in his seminal volume 'Indian Audit & Accounts Department'. The Indian Audit & Accounts Order, 1936 which regulated the functions of C&AG of India till 1971 provided for separation of Accounts from Audit. C&AG's DPC Act 1971 gave it statutory status through provisions of Sections 10 and 11 empowering the President/Governor to relieve the C&AG of India of his accounting responsibilities. These provisions however have been resorted to so far only in respect of accounts of the Union in 1976. The C&AG of India has not been relieved of the accounting responsibility for any of the states till date. The credibility and accounting capabilities of IA&AD probably ensured the retention of the accounting function with offices of AG (A&E). The accounting responsibility for former union territories of Goa, Puducherry and Delhi are however handled by the concerned governments even after these territories became full-fledged states. Some state governments have been more assertive in taking over certain entitlement functions, the mandate for which is dependent on convention.

**3.1.2** Provisions for relieving the C&AG of India of his accounting and entitlement responsibilities have been hanging like the sword of Damocles over the offices of Accountants General (Accounts & Entitlements) {AsG (A&E)}. Traditional perception of the accounting mandate of C&AG of India being weak compared to his audit mandate, have camouflaged the more serious challenge of redundancy of the accounting and entitlement function performed by the Offices of AsG (A&E). Introduction of the first phase of treasury computerisation in the nineties ignited this threat of redundancy. The recent introduction of the second generation of computerisation of treasuries through the Integrated Financial Management System (IFMS) makes this threat more imminent and probable.

**3.1.3** Redundancy is inherent in any accounts to the extent that they are records of historical transactions. To this extent they are of limited use in management of public finance in near term. Accounts, however, have a more important role in budget management and control, particularly in government. Preparation and submission of accounts by governments is also a constitutional and statutory requirement. Traditionally, therefore, the managers of public finance in the states have relied on the cash balances reported by Reserve Bank of India and treasuries for their day to day financial decisions and on the accounts for budgetary control and legal compliance. The dependency on accounts compiled by the AsG (A&E) for budgetary control has diminished with the computerisation of treasuries. Compiled accounts, excluding transactions for which the AG

(A&E) is the primary accounting authority like inter governmental transactions etc. can now be made available at the click of a mouse in states where treasuries are fully computerised and net worked. The introduction of VLC systems in IA&AD coupled with limitations of net working of treasuries and of the Information Technology Applications used for computerisation of treasuries in most states prolonged the dependency of the states on accounts compiled by the offices of AsG (A&E). The implementation of IFMS as part of the National E-Governance Plan has the potential to generate parallel accounts, thereby eliminating the dependency on offices of AsG (A&E) for compilation of accounts. The IFMS can marginalise the role of offices of AsG (A&E) in entitlement functions as well.

**3.1.4** The scope of IFMS although dependent on the level of maturity of the computerised treasury system in each state is likely to include a bouquet of other facilities. Successful implementation of IFMS in one state is likely to be emulated by other states triggered both by the need for the systems and marketing by the vendors. The possibilities of partial central assistance towards this effort will further incentivise its adoption. The menu suggested for IFMS by Government of India includes development of the following modules:

- i. Interfaces of treasury system with other internal systems of the state and those of other stakeholders like office of AG (A&E), Reserve Bank of India, Agency Banks etc. for implementing single source of truth for all transactions;
- ii. Online budget module for preparation, operationalisation and monitoring of budget;
- iii. Accounts module for generation of both compiled and detailed accounts;
- iv. Pension, pay roll and pension management module;
- v. Fund flow management module to provide cash flow details on a near real time basis;
- vi. Electronic settlement of receipts and payments;
- vii. Online treasury inspection and audit module.

**3.1.5** The wide scope of IFMS has profound implications on the functioning of the Offices of AsG (A&E). Although the AG (A&E) is accepted as an internal stakeholder in the IFMS at the request of IA&AD, it does not eliminate the redundancy risk of the accounting and entitlement functions. The compilation facility in IFMS for both consolidated and detailed accounts will make the existing compilation processes and broadsheet maintenance in offices of AsG (A&E) obsolete. The seamless transfer of data on single source of truth basis linking the Budget Controlling Authorities, Drawing & Disbursing Officers, Treasuries and Core Banking Systems of Agency Banks will necessitate critical changes in our existing Voucher Level Computerisation (VLC) systems or development of an altogether new system on the same IFMS platform. The e-payment and e-receipts facilities will call for a new approach to treasury inspection programs and central audit of vouchers by Offices of Accountants General (Audit). The linking of the systems of Reserve Bank of India and the Plan Finance Monitoring System (successor to Central Plan Scheme Monitoring

System) of the Planning Commission to the IFMS platform has the potential to eliminate the primary accounting responsibilities of AsG (A&E). The connectivity envisaged between Human Resources Management Systems (HRMS) to IFMS can make maintenance of subscriber accounts of General Provident Fund, accounting of Pension payments and of long term loans and advances by offices of AsG (A&E) unnecessary.

**3.1.6** The introduction of IFMS need not necessarily spell doom for the offices of AsG (A&E). It can also help us in enhancing our efficiency and improving the quality of service. Availability of accounting data online can reduce the processing times resulting in prompt submission of accounts. Availability of details of transaction in a more granular form than at present can improve the transparency of accounts. Seamless transfer of data processed by DDO and Treasuries in IFMS and HRMS to the IT systems in offices of AsG (A&E) can eliminate delays and data entry errors, thereby speeding up accounting and authorisation of entitlement benefits. The details of individual transactions available on line can reduce the need for protracted correspondence with DDO and treasury for missing information and reconciliation of accounts. It can also be a crucial step in making the offices of AsG (A&E) paper less offices. With most data relating to budgetary allocations, sanctions and transactions available at the office of AsG (A&E), central audit can replace the more expensive local audits.

**3.1.7** IA&AD can convert the threat of IFMS into an opportunity only if we innovate ways to stay relevant in the new scenario. The offices of AsG (A&E) will have to revise the existing standard operating procedures to be compatible with the online, seamless nature of flow of information in IFMS. The largely compartmentalised and insulated existence of entitlement and accounting groups in the offices of AG (A&E) will have to give way to a synergetic relationship through appropriate data interfaces between them powered through local networking and linkages to IFMS. This networking should also cover the central audit parties of Offices of Accountant General (Audit).

**3.1.8** The introduction of IFMS with potential to make our present operational procedures obsolete also calls for professionalization of accounting function through appropriate training of staff. At present the IA&AD has a monopoly in government accounting as far as the states are concerned. There is little skill on government accounting outside of the IA&AD in the states. This can change with the introduction of IFMS with its facility for alternate means for generation of accounts using Information Technology. Professional competence is the bulwark against this threat. The IA&AD accountant will have to be trained in sunrise areas of government accounting like accrual accounting, Information Technology dependent accounting systems like IFMS, accounting data mining techniques etc. The Regional Training Institutes and other training institutes of IA&AD have a prominent role and responsibility in this regard. Paragraph 4.0 of this paper deals with the human resources challenges in detail.

**3.1.9** IA&AD should also seek out value added services that can be rendered using the IFMS platform. Possible avenues for it include preparation of daily accounts instead of the monthly civil accounts and annual finance and appropriation accounts only. The seamless transfer of accounting data on a near real time basis should facilitate preparation of daily accounts. Such daily accounts have the potential to replace the present reliance by state government functionaries solely on daily cash balances for management of public finance. If IA&AD is willing to go beyond the narrow confines of purely legislative mandate and prepare future cash flow statements of state government using patterns and trends of revenues and expenditure drawn through data mining techniques applied on the VLC systems, the threat of redundancy can be minimised substantially. IA&AD can also make available to the state government valuable information useful for decision making in government by applying data analytic applications on the computerised database in offices of AsG (A&E).

**3.1.10** A more radical strategy to overcome the external threat is to transform the offices of AsG (A&E) from compilers of accounts to validators of accounts and from authorisers of entitlements to auditors of the authorisations. This will make the C&AG of India an exclusive audit institution without a shade of the traditional executive function of accounting. Proper calibration and manoeuvring of percentage of check of validation activity can help in synchronising the manpower of offices of AG (A&E) to revised standards of work in these offices. In this changed scenario, the personnel of the Offices of AsG (A & E) could be called upon after training, to shoulder the responsibility for preparing the Reports on State Finance thereby allowing the Accountants General (Audit) to concentrate and increase the coverage of their compliance and performance audits. Better synergy between Offices of AsG (A&E) and AsG (Audit) can result in sharing of resources, thereby increasing the efficiency of both the accounting and auditing functions. Of course this will involve fundamental changes in the organisational structure of IA&AD. Willingness and capacity of states to take over the accounting and entitlement functions as a sequel to implementation of IFMS is an essential pre-condition for its feasibility. In view of the different stages of maturity in treasury computerisation across states, a big bang approach involving all offices of AG (A&E) is not possible. IA&AD will have to adopt a staggered approach and be prepared for coexistence of different organisational structures and processes in the offices of AG (A&E) until the transition is completed in all states.

**3.1.11 *Issues for discussion:***

- a) *How can the IA&AD reinvent its accounting role in the context of introduction of IFMS in the states?*
- b) *What business process reengineering and capacity building measures does IA&AD need to introduce in the light of operationalisation of IFMS?*

## 3.2 Increasing Customer Services Satisfaction

**3.2.1** The Offices of AsG (A&E) provide accounting and entitlement services to the State Governments and their employees. While the customers of their accounting services are the State Governments, the employees of the state government constitute the customers of their entitlement services. An increased awareness and demand for promptness and quality in delivery of public services has permeated the nation in the recent past. The entitlement services rendered by the offices of AG (A&E) have not been immune to this national trend. The spurt in applications received under the Right to Information Act 2005 and the manifold increase in entitlement linked litigation involving the Accountant General (A&E) as a respondent are indicators of this development. The number of complaints received on delays experienced in authorisation of entitlements at various levels is also significant. The Accountants General (A&E) presently are respondents in 15081 court cases relating to pensions alone. This works out to 838 cases per office where pension entitlement function is with IA&AD. The number of applications received under the RTI Act during 2013-14 is 1225 in respect of three offices alone. The complaints cell of Office of C&AG of India has handled 14051 complaints pertaining to offices of AG (A&E) during the period from 1 January 2012 to 31 July 2014. All these factors have increased the stress on human resources available in the offices of AsG (A&E). The implementation of public services guarantee legislation already in place in fifteen states and the possible extension of its scope to cover entitlement services in the future will further strain the limited human resources of the offices of AsG (A&E).

**3.2.2** Increasing the human resources through additional recruitment is the traditional response to these challenges. However, the recruitment embargo that was in place till recently coupled with the migration of personnel to Offices of Accountant General (Audit) and attrition of personnel directly recruited from remotely located states have foreclosed possibilities of this option to a limited degree. A study of the management of the cadres of Senior Accountants/Accountants/Data Entry Operators and Clerks who constitute the operational forces in offices of AG (A&E) during the years 2012-13 and 2013-14 conducted in 15 offices of AG (A&E) indicated that 554 personnel superannuated in these offices, 228 persons migrated to offices of AG (Audit) and 143 persons left for other reasons. There were 3949 vacancies in these offices as at the end of 2013-14. This works out to 38% of the sanctioned strength. Even if concerted action is taken for recruitment, it may improve the position only marginally.

**3.2.3** Adoption of appropriate technology is therefore a better option to overcome the manpower deficit. This, apart from reducing the man power requirements, will also increase the overall efficiency of service. Although the introduction of computerised SAI Pension Application and GPF Applications has improved the promptness in entitlement service, legacy issues arising from poor quality of accounting data pertaining to pre-computerised era still continue to impinge

on the quality of service rendered particularly in respect of GPF function. In respect of Gazetted Entitlement function, the Gazetted Entitlement Management System (GEMS) developed by National Informatics Centre (NIC) for Office of Accountant General (A&E) Kerala once stabilised can be exported for use in other states. In the meanwhile the manual systems have been burdened with the increase in number of gazetted officers being serviced.

**3.2.4** The Office of Accountant General (A&E) is the last point of service in the entitlement chain. This results in departmental delays also being wrongly attributed by the customer as delay by the Office of AG (A&E). The cumulative delay has resulted in avoidable legal work, occasional need for personal appearances in court of law for contempt proceedings and loss of our brand image. Efforts to expedite action by departments and DDO concerned have not led to any visible improvement. Intelligent use of the web site of the Office of AG (A&E) to communicate the nature and source of delay in authorisation of entitlements can reverse the loss of reputation of the Office of AG (A&E) marginally.

**3.2.5** The constraints pointed out above are not likely to disappear in the short term due to dependency on state government offices, depleting manpower in (A&E) offices and want of records. The easiest solution to the problem is the surgical intervention of entrusting the accounting, verification and authorisation of entitlements to state governments. However this option may not be practical considering the personnel issues involved and the willingness and capacity of the state governments to take over the function. A practical approach to improving customer satisfaction is to make the state government officers our partners in the authorisation of entitlement benefits. The work of the state government authorities in the value chain is presently confined to forwarding the applications, relevant records and the sanction orders. The sanctions themselves are issued most often on the basis of eligibility communicated by the offices of AG (A&E). We can provide substantial relief to the customers of our entitlement services by empowering the departmental officers to make interim payments of pension, withdrawals of GPF and encashment of leave. This will of course involve revision of existing rules. Provision of necessary internal controls and fixing of monetary thresholds can minimise the possibilities of overpayment. The role of Office of AG (A&E) should be limited to post authorisation check. Fixing of monetary thresholds for provisional and interim authorisations and securing legally enforceable undertaking for recovery in case of overpayment can minimise the risk associated in the provisional payment system. This practice is already in vogue in some states with respect to GPF and/or pension with mixed results. The experience from these states show that empowerment of state functionaries sometimes acts as a disincentive for expediting final settlement by office of ASG(A&E). However, the fact remains that this procedure ensures that the government servant is assured of at least part payment of his savings and pension entitlement immediately on superannuation.

**3.2.6** There is also scope for reengineering the standard operating procedures in vogue at present through adoption of better information technology solutions. Networking of the IT Applications used in the Offices of AG (A&E) with the HRMS systems and the treasury systems of the state governments can provide synergies. This will free human resources that can be deployed for improving the promptness and quality of service. This is possible only if the Information Technology (IT) infrastructure including networking facility in offices of AG (A&E) improves. Personnel of these offices should not be deprived of IT facilities on the ground that these functions can be taken over by state governments eventually. In the present digital era, supply of individual desktops to officials rendering entitlement services should not be grudged or perceived as wasteful expenditure. The Offices of AG (A&E) together have 9286 desktops and 3092 printers presently. This is far short of the one man-one computer that should be the desirable norm. It is granted that the hardware requirements need to be assessed on a case to case basis and should also consider possible redundancies and reengineering. IA&AD needs to carry out this exercise early to ensure better customer satisfaction and improved brand image of the offices of AG (A&E).

**3.2.7 Issues for discussion:**

- a) *What measures can IA&AD take to tackle the problem of delays in authorisation of entitlements caused by external entities?*
- b) *How can Information Technology be used to improve the quality of entitlement services rendered by IA&AD?*

**3.3 Accounting Reforms**

**3.3.1** The mandate of C&AG of India in accounting reforms includes advising the President on the form of accounts to be maintained. The IA&AD has also a prominent role in the functioning of the Government Accounting Standards Board (GASAB) chaired by the Deputy C&AG (Government Accounts). The opinion of Accountant General (A&E) is usually sought on accounting matters in most states. IA&AD therefore is well placed to initiate accounting reforms in the states.

**3.3.2** Accounts being a principal instrument of parliamentary accountability, the form of accounts are partially determined by the legislative requirements. As per provisions of CAG's DPC Act 1971, the C&AG of India has to prepare accounts of receipts and expenditure of the states annually including the appropriation accounts where the accounting function is vested with the C&AG of India. While this provision lays down the broad structure of accounts to be submitted,

the detailed format of the Finance Accounts and the Appropriation Accounts are prescribed in C&AG's Manual of Standing Orders (Accounts & Entitlement) Volume II and in the List of Major and Minor Heads dealing with the classification framework.

**3.3.3** The format of Finance Accounts underwent material alteration in the year 2009-10. The changes included introduction of three new statements and five new appendices apart from relegating three statements to appendices and deletion of a statement and appendix each. Information content of some statements was also rearranged. The Finance Accounts was divided into two volumes with the first volume consisting generally of summarised financial parameters. The number of statements and appendices in the Finance Accounts is 19 and 14, respectively.

**3.3.4** The List of Major and Minor Heads has been substantially revised three times in 1962, 1974 and 1987 after the first list was released in 1938. Although additions and deletions of heads of account is a continuous process, structural changes have been limited to the above three editions. The Government of India appointed a committee in 2009 under the chairmanship of Shri C R Sundaramurti to review the prevailing classification system. The Committee recommended a new classification based on seven segments. The segments included administrative segment, function segment, program cum scheme segment, recipient segment, target segment, economic segment and geographic segment. The new scheme of classification required adoption of 49 digits. These recommendations are still under examination by the Government.

**3.3.5** The formation of the Government Accounting Standards Advisory Board in 2002 was another landmark in accounting reform in the country. The Board was to recommend accounting standards for transition from rule based accounting to standards based accounting in government. Two series of standards namely Indian Government Accounting Standards (IGAS) for cash based accounting and Indian Government Financial reporting Standards (IGFRS) for accrual based accounting are being developed by GASAB. Government of India has notified only three standards relating to Disclosure of Guarantees, Accounting of Grants-in-aid and of Loans under the IGAS series till date. Three more standards pertaining to Foreign Currency Adjustments, Government Investments in Equity and Public Debt already approved by the Board are under the consideration of Government of India. As far as IGFRS series is concerned, five standards pertaining to Presentation of Financial Statements, Property Plant and Equipments, Revenue from Government Exchange Transactions, Inventories and Contingent Liabilities have been approved by the Board but are yet to be notified by Government of India.

**3.3.6** Migration to accrual based accounting is another major accounting reform on the horizon. The Ministry of Finance, Government of India constituted an Apex Committee in 2007 to function as the nodal agency for overseeing the implementation of transition from Cash based to Accrual

based accounting in the Government. The GASAB Secretariat has prepared three Key documents in this regard, namely, Operational framework of Accrual basis of Accounting in Government of India, Roadmap and Transition path for Accrual Accounting, and Operational Guidelines for Accrual based Financial Reporting in Government. The transition is to be carried out in five phases spread over ten to twelve years. At the Union level pilot studies have been initiated in the Department of Posts and Ministry of Railways. At the State level, through the Departments that have been identified, pilot studies have been completed only in six States.

**3.3.7** Vested with the power to advise the President of India on the form of accounts and with accounting responsibility in 29 states, the C&AG of India has a crucial role in modernising the Government Accounts in India. The objective any modernisation program should be to improve the quality, readability and transparency of the annual accounts of the Government consisting of Finance Accounts and Appropriation Accounts. Bulkiness is not necessarily a desirable quality of accounts. The Finance Accounts with 19 Statements and 14 Appendices are beyond the capability of an average citizen to access and understand the accounts. Accounts at a Glance prepared to overcome this deficiency lacks statutory backing and hence cannot be a substitute for the Finance Accounts. The C&AG of India is also compelled to make disclaimers while certifying the Finance Accounts since all the information in it do not flow directly from the accounts. While information from outside the accounts is included partially in two statements and one appendix, one statement and five appendices contain information wholly from outside the accounts. The present structure of the Finance Accounts based on the attempt to present accounting information in summarised, detailed and functional basis has made them bulky thereby adversely affecting their readability. There is a felt need to present information in a compact and simpler way for the common man to comprehend them. The Government Accounts wing in Office of C&AG of India is contemplating a change of format of Finance Accounts to limit it to three statements namely Statement of Assets and Liabilities, Statement of Receipts and Outgoings and Statement of Cash Flows with rest of the information being made available through a centralised online interface providing customised reports. This initiative when implemented is likely to improve the readability of the accounts.

**3.3.8** The Grant based Appropriation accounts have also become bulky over the years. However, the leeway available to IA&AD for effecting changes in Appropriation Accounts is comparatively less on account of legislative requirements. Periodic revision of norms for explanation of savings and excess in the Appropriation Accounts is inevitable to make them more readable and compact. These norms prescribed by the Public Accounts Committees of the state legislatures are outdated in most states and have not been revised with the escalation of government expenditure. The only option available for the AG (A&E) in the case of Appropriation

Accounts is to take proactive measures for revision of norms periodically by the Public Accounts Committee.

**3.3.9** The challenge arising from migration to accrual based accounting and implementation of the recommendations of the Sundaramurti Committee (if approved by government) will call for change management procedures in the existing VLC systems. However, changes in the treasury systems and IFMS which are more fundamental have to precede the changes in the VLC system/Accounting module of IFMS. While the technological challenge for IA&AD can be overcome through use of technical consultants, the more difficult task would be to change the existing accounting procedures in the Government. The quality of input to VLC system being dependent on this, IA&AD cannot remain aloof from the capacity building program in the accounting cadres of state government if and when the migration takes place.

**3.3.10** The opportunities for being relevant at the Departmental level are vast. The Department has the unique distinction of preparing the Combined Finance & Revenue Accounts (CFRA). The CFRA is a very useful compilation as it presents the accounts of all the governments in India on a common and comparable basis. It is, for all practical purposes, the “Whole of Government” accounts. There is a wealth of information available in the CFRA for a particular year, however there are a lot more possibilities when we look at this data over a period of time. This vast data in the CFRA if wisely exploited , developed, analysed and presented would be available as a valuable source for the planners and help policy decision makers. If presented in a simpler, more holistic and transparent compilation , the data of the CFRA would be equally useful to the other stakeholders.

### **3.3.11 Issues for discussion**

*Is there a need for revising the format of the Finance and Appropriation Accounts of the state governments? If so what should be the nature of such revision and what should be the strategy for revision?*

*How should IA&AD prepare itself for possible transition of government accounts from cash based accounting system to accrual based accounting system?*

*Should the CFRA as a product be transformed to meet the needs of various stakeholders?*

## **4.0 Internal Challenges**

### **4.1 Human Resources Challenge**

**4.1.1** The staff pattern in the Offices of AsG (A&E) is a relic of the pre-computerisation era. The only change made while implementing VLC was to introduce new cadres like Data Entry

Operators (DEO), Console Operators and Senior Console Operators which were filled up initially through transfer on deputation. The introduction of computerisation in entitlement functions also resulted in sanction of additional posts of DEO. However the withdrawal of deputation allowance while introducing Modified Career Assurance Program resulted in shortage of volunteers for such these posts. The Offices of AsG (A&E) took recourse to direct recruitment of Data Entry Operators through the Staff Selection Commission and/or outsourcing to overcome the staff deficit but this has not yielded results. Further the other sanctioned technical posts of Sr. Console / Console Operators remain largely unfilled due to absence of qualified and willing candidates due to structures in their pay scales.

**4.1.2** An attempt was made in 2010 to revise the staff norms in the department by engaging a consultant. The recommendations of the consultant were considered but deferred. In the absence of a robust work study post-computerisation, it is difficult to even draw firm conclusions on the adequacy or otherwise of the staff requirements of the Offices of AsG (A&E). Standardised norms are presently available only in respect of the work to be carried out by Data Entry Operators. The norms adopted for entitlement related work performed by Senior Accountants/ Accountants/Data Entry Operators and Clerks vary across states. Output based standards for personnel dealing with verification of vouchers, scrutiny of accounts, verification of entitlement claims and their authorisation is urgently needed both from a result-based performance assessment system perspective and for effective cadre management in the Offices of AsG (A&E). Shortage of staff need not necessarily imply additional recruitment but can be addressed through adoption of better, rigorous sampling methods for checking of vouchers/accounts and modified operating procedures for verification and authorisation of entitlement benefits. Seamless transfer of data from the treasury network to IT systems of offices of AG (A&E) can further minimise data entry and data verification requirements. Interface between the accounting and entitlement IT Applications can also result in synergy. Greater delegation of powers to reduce the number of levels of checks exercised with proper probability based sample testing of final outputs by Internal Audit Wing, can result in time and cost savings.

**4.1.3** The Human Resource challenge to be faced by the offices of AsG (A&E) in future will be related more to the quality of the accounting personnel rather than the quantity. Knowledge of Information Technology is not merely a desired but is an indispensable skill for an accountant. While the Regional Training Institutes and Centres have contributed to IT skill upgradation in general, most offices are critically dependent on a limited number of IT professionals for management of IT linked processes for both accounting and entitlement functions. Avenues for lateral integration of IT professionals with adequate career advancement opportunities have to be explored. The prominent role of IT in accounting and entitlement functions also requires that in each station there are officers belonging to the Indian Audit & Accounts Service (IA&AS) and

proficient in IT should be posted in the A&E offices. Even though recent recruits to IA&AS are generally proficient in IT due to their academic qualifications and/or curriculum of training at the National Academy of Audit & Accounts, the fact remains that IT skills are not widely dispersed among IA&AS officers. It is therefore necessary to nominate an officer as the nodal officer in a station for IT related issues. In those offices where legal professionals are not available, lateral recruitment of legal experts is also necessary in the light of the proliferation of court cases in offices of AsG (A&E).

**4.1.4** The functions of Offices of AsG (A&E) pertain to the state governments while being an office under the Union Government. This has led to an anomalous situation of persons recruited on the basis of recruitment rules framed by the Union Government not possessing knowledge of vernacular language. With most states aggressively insisting on delivery of government work in local language, the efficacy of these persons is drastically reduced. This is a pan IA&AD issue to the extent that offices of AsG (Audit) are equally affected by it. A possible solution to this problem is to insist on knowledge of local language as a necessary condition for eligibility in a state-wise recruitment program. This will require amendment of existing recruitment rules and guidelines. A short term alternative is to outsource the data entry work where the original records are maintained only in the local vernacular and insist on the new recruits passing mandatory examinations in local language like the three-level Hindi language examinations.

**4.1.5** The influence of technology on staff patterns, standard operating procedures and the compelling need for enhanced customer orientation mandates that the personnel of the Offices of AsG (A&E) involve themselves as active partners in the change management process. IA&AD will have to introduce motivational measures for getting the 'buy-in' of all the internal stakeholders. A professional environment that promotes the technical and innovation capabilities of the staff in Offices of AsG (A&E) will also have to be created.

**4.1.6 *Issues for discussion:***

- a) *Is there a need for assessment and standardisation of work norms in offices of AsG (A&E)? If so, how should this be carried out?*
- b) *What steps should IA&AD take to improve the accounting, IT, language and legal skills of the personnel in offices of AsG (A&E)?*
- c) *How do we involve all the internal stakeholders in the change management process that is underway in the Office of AsG (A&E)?*

## 4.2 Hygienic Challenges

**4.2.1** The positive correlation between working environment and productivity is well established. The offices of AG (A&E) are the final repositories of vouchers, cheques and accounts of the state governments. The estimated number of vouchers reaching the offices of AG (A&E) annually is a staggering number of 4.2 crore. In addition there is an equivalent number of paid cheques and substantial entitlement related records also flowing to these offices. The quantum jump in accounting records received and generated in the offices has impacted not only the cleanliness of offices but also the cost of maintenance. Offices of AG (A&E) are compelled to hire storage space and also deploy additional human resources for their maintenance and retrieval in case of applications filed under Right to Information Act court / vigilance cases

**4.2.2** The norms for preservation of records have not been revised in the context of amendments to Indian Evidence Act 1872 and Information Technology Act 2000. Section 65(B) of the Indian Evidence Act states that any information contained in an electronic record printed on a paper, stored and recorded or copied in optical or magnetic media produced by a computer shall be admissible in any proceedings. Further Section 7 of the Information Technology Act states that retention of information in electronic format satisfies requirement of retention of documents/information as per any law. A Committee had been set up by Office of C&AG of India to review the retention periods prescribed for accounts and entitlements related records and suggest revised norms. The recommendations of the Committee to limit the period of preservation of vouchers etc. up to the presentation of the Finance & Appropriation Accounts in the legislature and to store internally generated records only in electronic format is under consideration of the Office of C&AG of India. The Committee has suggested continuation of the practice of permanent storage of pension records. Digitalisation of Pension records is a possible solution to overcome space requirement for pension records. Sporadic attempts to digitalise records have been made by some offices of AsG (A&E). Among these the program of Office of Principal Accountant General (A&E) Odisha to digitalise pension records through private agencies at a cost of Rs.0.39 per page wholly funded by the state government is a good practice that can be attempted in all offices of AsG (A&E).

### **4.2.3 Issues for discussion:**

*What attempts should the IA&AD take to overcome the problems associated with storage of accounts and entitlement related records?*

## **5.0 Conclusion**

**5.1** The challenges are imminent but with them come opportunities for improvement, growth and change. Innovation, communication, building strong internal & external relationships, innovation in policy development, strengthening the organisational culture and identity of the Department, making the strategic choices, building a learning community and, strategic persuasion through collaboration and influence will be the key building blocks that will help us move forward and counter the challenges discussed above. The recommendations of the XXVII Conference of Accountants General are expected to set the vision and goals, trace the roadmap and provide the broad framework to ensure that the offices of the AsG (A&E) in the country adapt to the challenges and continue to grow in strength.

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