

COMPTROLLER & AUDITOR GENERAL OF INDIA

**PERFORMANCE REPORT
2014-15**



From the desk of the Comptroller & Auditor General of India

It gives me great pleasure to present the Performance Report of the Indian Audit and Accounts Department for the year 2014-15. This report reflects the value and benefits of the Supreme Audit Institution (SAI) of India to external stakeholders.

The need for transparency and accountability in every sphere of public life can hardly be over-emphasized. As Supreme Audit Institution, we believe in leading by example. We follow a Code of Ethics that provides clear guidance on standard of behaviour expected from the officials of the Department and have documented Standards/Guidelines to guide the auditing process.

We have revised the Performance Auditing Guidelines and the Financial Attest Auditing Guidelines for the accounts of State Governments in alignment with the new International Standards for Supreme Audit Institutions (ISSAIs).

We continuously engage with our stakeholders through the mechanisms of Audit Advisory Boards, Seminars, Workshops etc.

SAI India, as an active member of International Organization of Supreme Audit Institutions (INTOSAI) and Asian Organization of Supreme Audit Institutions (ASOSAI), partners with the international community for the development and strengthening of professional standards and practices. SAI India was appointed as a member of the UN Board of Auditors by the UN General Assembly for a period of six years with effect from July 1, 2014. Our role as External Auditor of UN has been appreciated by the stakeholders.

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

(Shashi Kant Sharma)
Comptroller & Auditor General of India





Table of Contents

Chapter	Contents	Page
	Performance Highlights	i-iv
1	About this Performance Report	1
2	About the Comptroller & Auditor General and the Indian Audit and Accounts Department	2-15
3	Key Results and Achievements – Audit	16-52
4	Key Results and Achievements – Accounts and Entitlements	53-64
5	Professional Standards and Quality Management	65-70
6	How we Manage our Resources	71-78
7	Capacity Building in IAAD	79-91
8	Seminars and Events	92-97
9	Our Interaction with Key Stakeholders	98-101
10	International Participation and Contribution	102-114
	Annex I	115
	Annex II	116-123



Performance Highlights

I. About the Performance Report

This report summarizes important activities and achievements of the Supreme Audit Institution of India (SAI India) during the Financial Year 2014-15, including reporting on the impact of our audit, major audit findings and the effectiveness in use of our resources.

II. About the CAG of India and the IAAD

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

III. Key Results in Audit

- We audited 53,754 units during 2014-15 covering 93.02 *percent* and 97.02 *percent* of planned audits at Union and State level, respectively.
- We issued 48,038 Inspection Reports during 2014-15 to various audited entities. The remaining were issued subsequently.
- We prepared 162 Audit Reports (covering *inter alia* 166 Performance Audits) during 2014-15, of which 38 were for tabling in



the Parliament and 124 in the State Legislatures. Of these, 31 Reports were tabled in the Parliament and 78 Reports in the State Legislatures during the year.

- We made 1,816 recommendations to our audited entities at Union and State level. Of these, 631 recommendations were accepted.
- We examined 5,868 accounts of Union and State Governments, PSUs, Autonomous Bodies, Externally Aided Projects and others. 78.44 *percent* Audit certificates were issued within scheduled time after receipt of accounts.
- The Government accepted 36.92 *percent* of the total recoveries pointed out by us (₹1,07,150.94 crore) and recovered ₹4,492 crore. Against this, the total expenditure on the IAAD was only ₹3,215 crore.
- We pointed out several instances of deviation from rules, regulations, deficiencies in planning and implementation of schemes, lack of coordination among various agencies, etc.
- We were yet to receive 11,455 Action Taken Notes on Audit Reports at Union and State level as on March 31, 2015.

IV. Key Results in Accounts and Entitlements

- We finalized 4,45,069 pension authorization and pension revision cases during 2014-15.
- We carried out 98.87 *percent* of the planned treasury inspections. State Governments accepted 96.33 *percent* of the recommendations made by us after these inspections.
- We issued 96.01 *percent* account slips to General Provident Fund account holders on time during the year.

V. Professional Standards and Quality Management

- Three Indian Government Accounting Standards (IGAS) had been notified by Government of India by March 2014. Four IGASs and five IGFRSs (Indian Government Financial Reporting Standards) were under consideration of the Government of India.



- We constituted a Technical Board for Professional Practices for considering issues in the areas of audit and accounting policy and their implementation.
- 33 field offices of IAAD were inspected as a measure of internal control mechanism and 47 percent of the recommendations made in the Inspection Reports were implemented.

VI. Resource Management

- We spent ₹3,214.71 crore in 2014–2015.
- Optimal staffing in the field offices continued to be the main focus of our HR strategy.
- Of the 47,015 persons working in IAAD, 88 percent directly added value to our core activities.

VII. Capacity Building in IAAD

- International Centre for Environmental Audit & Sustainable development (iCED) conducted one International Training programme for 21 participants from 13 SAIs and one bilateral programme for 25 participants from SAI Oman during 2014-15.
- Our Regional Training Institutes/Regional Training Centres (RTIs/RTCs) conducted 730 courses and trained 13,487 persons during the year.
- In-house training centres in 141 offices (133 main offices and 8 branch offices) conducted 2,264 courses and trained 33,199 persons during the year.

VIII. Seminars and Events

- XXVII Accountants General Conference, a biennial event and a forum for senior functionaries of the Indian Audit & Accounts Department, was held during October 27-29, 2014.
- A workshop was organized in New Delhi on 'Transfer Pricing – Perspective, Issues and Way forward (Direct Taxes)' on April 21, 2014 as a capacity building initiative.



IX. Our Interaction with Key Stakeholders

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

X. International Participation and Contributions

- The CAG of India has been appointed as a Member of the UN Board of Auditors for six years with effect from July 1, 2014.
- SAI-India is the External Auditor of several UN Agencies viz. World Food Programme (WFP), International Organization for Migration (IOM), World Intellectual Property Organization (WIPO), International Atomic Energy Agency (IAEA) and UN World Tourism Organization (UNWTO).
- The CAG of India is a member of INTOSAI and ASOSAI. The CAG of India was the Chairman of ASOSAI during 2012-2015.
- The CAG of India chairs INTOSAI Working Group on IT audit and INTOSAI Committee on Knowledge Sharing & Knowledge Services and its Steering Committee.

XI. New Initiatives

- The Performance Auditing Guidelines were revised.
- The Financial Attest Auditing guidelines for audit of accounts of State Governments were adopted.
- Guidance Note was issued for conducting 'Follow Up' audits, where we examine corrective actions taken by the audited entity on our accepted recommendations.
- Guidance Note was issued for audit of Revenue Sharing arrangements, in terms of the Judgement of Hon. Supreme Court in case of private Telecom companies.
- A knowledge centre was created for Social Audit and assistance provided to the Ministry of Rural Development in bringing out a Social Audit Manual.
- Implementation of a medium term plan was started for strengthening the Regional Training Institutes by upgrading the infrastructural facilities and enhancing the quality of training programmes.



Chapter 1

About this Performance Report

The Comptroller and Auditor General of India is an office created by the Constitution of India and entrusted with the responsibility of audit of accounts of the Union and States and other entities. The institution is expected to promote financial accountability and transparency in the affairs of the audited entities.

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

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

This report aims to meet accountability requirements by reporting on

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

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

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



Chapter 2

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

I Who are we?

The Comptroller & Auditor General of India (CAG) and the Indian Audit and Accounts Department (IAAD) functioning under him (also known as the Supreme Audit Institution (SAI) India in the international parlance) provide for a unified audit mechanism in a federal set up under the Constitution of India. In the Constitutional scheme of checks and balances in a Parliamentary democracy, this institution is designed to facilitate ensuring accountability of the executive to the legislature. The concept and establishment of audit is inherent in public financial administration as management of public funds represents a trust. Audit is an indispensable part of a regulatory system whose aim is to reveal deviations from the accepted standards of prudential management of public finances. Senior functionaries of the SAI representing the CAG in the States are called Principal Accountants General/ Accountants General.

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

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

Role of the Comptroller and Auditor General assumes greater significance in view of the federal multiparty democracy where Governments both at Union and States are responsible for implementation of large number of schemes involving substantial public resources. There has been a paradigm shift in public financial management in the country in recent past with focus on public private partnerships for delivery of public services and increasing expenditure financed from public exchequer being incurred at the cutting edge level by Special Purpose



Vehicles like Trusts, Societies and NGOs. Civil society is emerging as a major stakeholder of the audit process.

II Our Vision, Mission and Core Values

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

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

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

III Independence of SAI

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

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



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

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

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

IV Our Accounts Mandate¹

The CAG's DPC(Duties, Powers and Conditions of Service) Act, 1971 promulgated in exercise of powers conferred by the Constitution provides for compilation of accounts of the State governments by the CAG. Besides compiling accounts, the CAG is responsible for preparing and submitting the accounts to the President, Governors of States and Administrators of Union Territories having Legislative Assemblies. He may also give information and render assistance, related to preparation of accounts. We compile accounts of State Governments from the subsidiary accounts submitted by treasuries and other officers of the State Governments. We raise an alarm if monies are being drawn in excess of authorization. We actively monitor expenditure patterns and issue advice on excesses, surrenders and lapses of funds.

V Our Audit Mandate

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

- All receipts and expenditure from the Consolidated Fund of the Union and State Governments;
- All financial transactions in emergencies, outside the normal budget (called the Contingency Fund);

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



- Inflows and outflows of private monies of the public held by the Government as a trustee or banker (called Public Accounts) at Central as well as State levels;
- All trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts kept in any Government Department;
- All stores and stock accounts of all Government offices and Departments;
- Accounts of all Government companies where government's equity investment is not less than 51 *per cent*;
- Accounts of all Regulatory Bodies, other statutory authorities/corporations, where governing laws provide for their audit by the CAG;
- Accounts of all autonomous bodies and authorities substantially financed from public exchequer;
- Accounts of a body or authority whose audit is specifically entrusted to the CAG, in public interest, by the President/ Governor /Lt. Governor under enabling provisions of the CAG's DPC Act 1971.

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

- The CAG has been assigned the mentoring role of providing technical guidance and support to the Local Fund Audit wings of the State Governments, who are the primary auditors of the urban and rural local bodies.
- The CAG has been authorized to conduct a review of the performance of the Union Government in meeting its obligations under the Fiscal Responsibility and Budget Management Act, 2003, as amended in 2012.
- The CAG has been entrusted with a Constitutional duty to certify the net proceeds of Central taxes/duties, which are shareable with the States.

VI What we do not Audit

- The mandate of the CAG does not extend to the audit of public sector banks; Government corporations whose statutes do not provide for audit by the CAG, *e.g.*, Life Insurance Corporation, and companies where the Government shareholding is less than 51 *percent*. However, the CAG has the authority to audit the accounts of even a private company, not normally within the audit mandate of CAG, if the company has been allowed the commercial use of scarce natural resources under the terms of license, which require the company to share a part of the revenue so generated with the government. This authority was upheld by the Hon'ble



Supreme Court of India in their judgement dated April 17, 2014 on a challenge by the companies providing telecom services. Also, audit of any body or authority, including a Company which is not a Government Company, may be entrusted to the CAG under Section 20 of the CAG's DPC Act 1971 in public interest.

VII Our Powers

In carrying out the above mentioned duties, the CAG has powers² to:

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

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

Powers to make regulations: for carrying into effect the provisions of the DPC Act in so far as they relate to the scope and extent of audit, including laying down for the guidance of Government Departments the general principles of Government accounting and the broad principles in regard to audit of receipts and expenditure. We issued 'Regulations on Audit and Accounts' in 2007 under Section 23 of the CAG's DPC Act. The Regulations define in detail the scope, manner, and extent of auditing and accounting mandate of SAI India.

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

VIII We conduct different types of Audit:

The scope, extent, methodology and approach to be adopted by the CAG in

²Section 18,21,22,23, & 24 of CAG's DPC Act 1971



conducting any audit is at the discretion of the CAG. We conduct Financial Attest Audit, Compliance Audit and Performance Audit in the audited entities in accordance with standards and guidelines framed with international standards in view.

VIII A Compliance Audit

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

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

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

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

VIII B Financial Audit

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

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



safeguarding assets and resources and assure the accuracy and completeness of accounting records.

VIII C Performance audit

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

1. **Economy** – Economy is minimizing the cost of resources used for an activity, having regard to appropriate quality. Economy issues focus on the cost of the inputs and processes. Economy occurs where equal-quality resources are acquired at least cost.
2. **Efficiency** – Efficiency is the relationship between the output, in terms of goods, services or other results and the resources used to produce them. Efficiency exists where the use of financial, human, physical and information resources is such that output is maximized for any given set of resource inputs, or input is minimized for any given quantity and quality of output.
3. **Effectiveness** – Effectiveness is the extent to which objectives are achieved and the relationship between the intended impact and the actual impact of an activity. Effectiveness addresses the issue of whether the scheme, programme or organization has achieved its objectives.

IX Our Audit Process

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





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

High level strategic goals set out in Strategic Audit Plan 2020

Goal 1: Integrated audit efforts

Goal 2: Promoting professionalism in public sector auditing

Goal 3: Improving communication with stakeholders and ensuring higher visibility

Goal 4: Enhancing audit effectiveness

Goal 5: Improving delivery of accounting and entitlement functions

Goal 6: Improving human resource management

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

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

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

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

The audited entities are expected to take action on the basis of the shortcomings pointed out and the recommendations made in the Audit Reports and send action taken notes on the audit observations printed in the audit report. The audit reports issued by the CAG at the Union and State levels are discussed in the respective Public Accounts Committee (PAC) and Committee on Public



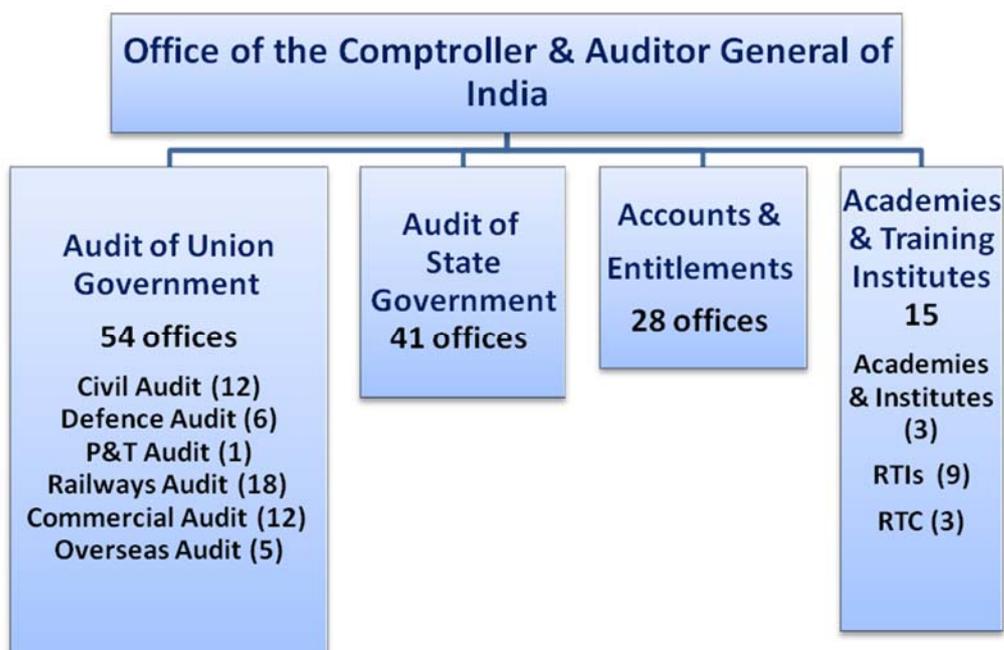
Undertakings (COPU). Compliance with audit observations and recommendations is also examined and reported upon during subsequent audits.

The Audit Committees constituted by several audited entities are a mechanism employed for follow up of audit findings. The Audit Committees consisting of officials from the audited entity and IAAD monitor the follow up process so as to bridge our perception gaps and to increase levels of communication besides discussing and settling outstanding audit observations, largely pertaining to the Inspection Reports.

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

X Our Organization

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





The Office of the CAG

The Office of the Comptroller and Auditor General of India in New Delhi directs, monitors and controls all activities connected with audit, accounts and entitlement functions of the Indian Audit and Accounts Department. It lays down the long term vision, mission and goals of the SAI, India. It also sets the policies, auditing standards and systems and does the final processing and approval of all Audit Reports. For carrying out these responsibilities, there are separate divisions dealing with Accounts and Entitlements, Civil Audit, Commercial Audit, Defence Audit, Railway Audit, Revenue Audit, State Governments Audit, Professional Practices, Strategic Management, Administration of Personnel, Training, Communication, Inspection of field offices, etc. These divisions are headed by the Deputy/ Additional Deputy Comptroller and Auditor Generals reporting directly to the CAG. They are assisted by Directors General, Principal Directors and Directors, who are all senior level managers. Organization chart of CAG office is given at **Annex I**.

XII Field Offices in IAAD

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

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

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



- **Offices of the Principal Directors of Commercial Audit and ex-officio Members Audit Board (MAB) (12)** are responsible for the audit of Central Public Sector Undertakings (PSUs). They certify the annual accounts of the Statutory Corporations and conduct Supplementary Audit of Government Companies. They also conduct compliance and performance audits in PSUs.
- **Overseas Audit Offices** headed by Principal Directors in Washington, London and Kuala Lumpur audit embassies and other Government establishments in each region. Office of PDA in Rome is responsible for auditing World Food Program. A new office of Director of External Audit has been set up at New York in June 2014 to oversee the audit of United Nations as part of SAI India being member on the UN Board of External auditors.
- **Offices of the Principal Accountants General/Accountants General (Audit) (41)** in every State are responsible for audit of all receipts and expenditure of the State Government, audit of Government companies, corporations and autonomous bodies in the State as well as local bodies.
- **Offices of Accounts and Entitlements (A&E) headed by Principal Accountants General/ Accountants General (A&E) (28)** are engaged in maintaining the accounts of the State Governments and authorizing GPF and pension payments of their employees.
- **Training Institutes (15)** Three national level Institutions, nine Regional Training Institutes and three Regional Training Centres are engaged in capacity building of officers and staff in IAAD.
- A list of the offices is placed at **Annex II** of this report.

XIII A Organizational Set Up for Audit of Union Government

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

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



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

XIII B Organizational Set Up for Audit of State Governments

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

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



- There are two State Audit offices in 10 States³, i.e., Principal Accountant General (Social and General Sector) and Principal Accountant General (Economic and Revenue Sector), with effect from 2 April 2012. In case of Maharashtra, the distribution of jurisdiction among Principal Accountant Generals is more on geographical basis. In case of other States, where there is only one Accountant General office, distribution of jurisdiction among the Group officers was done on sectoral basis.
- The offices of Local Bodies Audit have been merged with the respective offices of Principal Accountant General (General and Social Sector Audit) with effect from 2 April 2012.
- Audit of State agencies implementing the Centrally Sponsored Schemes will continue to be done by State Accountants General.

XIV Audit Advisory Board

There is an Audit Advisory Board chaired by the CAG to advise him on matters relating to audit and suggest improvements in the performance and focus of audit within the framework of the Constitutional mandate of the CAG. It includes eminent professionals from diverse fields. It is a reflection of our openness to external advice and has been identified as a good practice by the International Peer review Team. The members of the Board function in an honorary capacity. The constitution of the Board for the biennium 2013-15 was as under:

Shri Shashi Kant Sharma Comptroller and Auditor General of India	Ex-officio Chairman
Shri Pradeep Kumar Central Vigilance Commissioner	Member
CA Kumar Raghu President, The Institute of Chartered Accountants of India	Member
Dr. Arbind Prasad Director General, Federation of Indian Chambers of Commerce & Industry	Member
Shri Chandrajit Banerjee Director General, <i>Confederation of Indian Industry</i>	Member
Dr. Abhay Bang Director, Society for Education, Action and Research in Community Health (SEARCH), Social Activist	Member

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



Dr. Sudarshan Iyengar Vice Chancellor, Gujarat Vidyapeeth, (Economist and Environmentalist)	Member
Dr. Bibek Debroy Economist	Member
Shri Narendra Singh Retired Deputy C&AG	Member
Shri Pratyush Sinha Ex-Central Vigilance Commissioner	Member
Dr. Vandana Shiva Environmentalist	Member
Dr. M. K. Bhan Former Secretary, Department of Biotechnology	Member
All Deputy C&AG	Ex-officio Members
All Additional Deputy C&AG	Ex-officio Members

The Audit Advisory Board met twice during the year 2014-15, on October 1, 2014 and March 18, 2015. The Board deliberated upon the issues relating to Audit Plan 2015-16, opportunities and challenges for public auditors on account of increasing exposure to 'Big Data' and major performance appraisals taken up by Audit.

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



Chapter 3

Key Results and Achievements in Auditing

We strive to promote accountability, transparency and good governance by providing an independent audit assurance on financial and performance management in Government and Public Sector. We are continuously introducing new initiatives in the form of innovative auditing practices based on the prescribed auditing standards and guidelines for improved auditing results. Key functional areas of the department are audit of the Central Government, State Governments, Public Sector Undertakings Autonomous Bodies and Local Bodies.

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

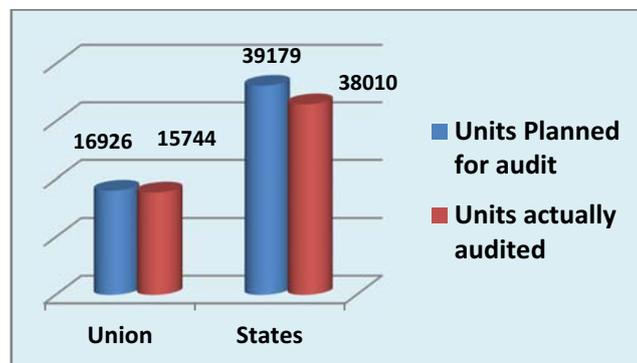
I Compliance, Performance, Financial Attest Audit and Audit Reports

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

IA Compliance Audit:

(i) Audit Coverage

A total of 53,754 units were audited during 2014-15. The graph below shows that 93.02 percent of the planned audits at the Union level and 97.02 percent of the audits planned at the State level were completed.



**(ii) Inspection Reports**

Inspection reports are the primary products of audit. On completion of audit of every audited entity, an inspection report elaborating the audit observations is issued to the Head of the audited entity. We issued 48,038 inspection reports during 2014-15. Remaining were issued subsequently in the current financial year. At the Union level, 89.5 percent of the inspection reports were issued on time. At the State level, the on-time performance was 80.39 percent.

	Inspection Reports issued	Inspection Reports issued within 30 days	Percentage of IRs issued within 30 days
Union	16,232	14,527	89.50%
State	31,806	25,568	80.39%
Total	48,038	40,095	83.47%

(iii) Observations made by audit during compliance audit:

Significant audit observations made during compliance audit are included in the Compliance Audit Reports. During 2014-15, 2,340 such paragraphs were included in these reports at the Union level. Out of the 787 observations made, 470 paras were accepted and 26 paras were partially accepted by the audited entities.

At the State level, 1,553 paras were included in the Compliance Audit Reports out of which 661 were accepted and 200 were partially accepted by the audited entities.

IB Performance Audit

Audit Reports on 166 performance audits were approved during 2014-15 as summarized below.

	Audit Products
Union Level	23
State Level	143
Total	166



IC Financial Attest Audit

Besides the audit of annual accounts of the Union and State Governments, Autonomous Bodies and Public Sector Undertakings, we are also expected to certify the expenditure incurred on externally aided projects as part of aid agreements.

We examined 5,868 accounts of Union and State Governments, PSUs, Autonomous Bodies, externally aided projects and others. 4,603 certificates of audit were issued within the prescribed time frame.

	Accounts examined	On time Audit Certification
Union/State Government	882@	616@
PSUs	1,306	947
Autonomous Bodies	899	356
Externally Aided Projects	289	231
Others	2,492	2,453
Total	5,868	4,603 (78.44 percent)

@Includes Grants of Civil Ministries, Railways, P&T and Defence. Also includes Finance and Appropriation Accounts of States.

Receipt of incomplete accounts, error in accounting, mis-statement, delay due to non-receipt of records for verification of accounts and non-settlement of observations, delays in receipt of replies to audit observations and non-availability of staff were some of the reasons for delayed certification of accounts.

ID Audit Reports

The audit process involves preparing a report to communicate the results of audit. Article 151 of the Constitution envisages that the Comptroller and Auditor General of India will prepare and submit reports to the President or the Governor for laying in the Parliament or the State Legislatures as the case may be.

We prepared 162 Audit Reports (which included results of 166 Performance Audits) during 2014-15, 38 for tabling in the Parliament and 124 in the State



Legislatures. Of these, 7 Reports for Parliament and 46 Reports for the State Legislatures were tabled after March 31, 2015.

Besides these Reports, 8 Union Audit Reports and 89 State Audit Reports of previous years were also presented to Parliament/Legislatures during 2014-15.

We made 1,816 recommendations to our audited entities at Union and State level. Of these, 631 recommendations were accepted.

	No. of Reports prepared during the year	Recommendations made	Recommendations accepted
Union Government	38@	276	75
State & Union Territory Governments	124@@	1540	556
Total	162	1816	631

@ Out of these 38 Reports, 7 Reports were presented to Parliament after 31.3.2015.

@@ Of these, 78 Reports were presented to the State Legislatures during 2014-15.

II Our Audit Impact

IIA Recoveries at Instance of Audit

Some of our audit observations point towards underassessment of taxes or specific loss to the exchequer. This necessitates recoveries from the concerned parties by the Executive. Recoveries at the instance of audit during 2014-15 are indicated below:

(₹ in crore)

	Recoveries pointed out	Recoveries accepted	Recoveries effected
Union Government	65,535.99	28,054.85	3,545.42
State Governments	41,614.95	11,502.04	946.76
Total	1,07,150.94	39,556.89	4,492.18



The audited entities accepted about 36.92 *percent* of the recoveries pointed by audit. The Government recovered ₹4492.18 crore as a result of audit, which is only about 4.19 *percent* of the amount pointed out for recovery. Incidentally, the total budget of IA&AD for the year was ₹3214.71crore.

IIB Performance Audit

Reports on 166 performance audit were finalized during 2014-15. We made 1,314 recommendations to our audited entities at Union and State level. Of these, 520 recommendations were accepted by the audited entities, as summarized below.

	Audit Products	Recommendations made	Recommendations accepted
Union Level	23	172	54
State Level	143	1,142	466
Total	166	1,314	520

IIC Financial Impact of Audit of Annual Accounts of PSUs

In case of annual accounts of Government companies and corporations we conduct supplementary audit under section 619 (4) of the Companies Act, 1956. The corrections were made in the accounts of 148 companies and corporations as a result of three phase audit. The quantified implication of these changes was:(a) Amendment to Notes to the Accounts: ₹8,170.70 crore (b) Classification mistakes: ₹29,271.10 crore (c) Changes in profit and loss: Profit ₹4,618.34crore (d) Changes in assets and liabilities: ₹2,162.32crore and (e) Others (Prior period, Classification error): ₹871.57 crore.

III Major Audit Findings

During the year 2014-15, 39 Reports (including 8 Reports of previous years) were tabled in the Parliament and 167 (including 89 Reports of previous years) in the State Legislatures. Copies of these Reports are available on our website www.cag.gov.in. Some of the significant findings appearing in these Reports are highlighted below:



CAG Reports to the Parliament

Union Government Finances for the year 2013-14 (Report No. 1 of 2015)

- A total amount of ₹42,903 crore has been paid over the last six years by the Central Board of Direct Taxes by way of interest on delayed refund to taxpayers but the amount was paid out of gross tax receipts without obtaining approval of the Parliament through necessary appropriations. The interest on refunds so paid during the year 2013-14 was ₹6,598 crore.
- Against the total collection of ₹1,30,599 crore as primary education cess, ₹1,19,197 crore was transferred to the Prarambhik Shiksha Kosh for meeting expenditure on identified schemes during 2004-05 to 2013-14.
- Research and Development Cess aggregating ₹4,876.71 crore was collected during the period 1996-97 to 2013-14 out of which only ₹542.41 crore was utilized towards the objectives of levying the said cess.
- Various departments/ministries incorrectly classified revenue expenditure as capital expenditure and vice versa. The misclassifications resulted in an overstatement of capital expenditure by ₹3,174.40 crore and understatement of capital expenditure by ₹1,504.69 crore.
- During the year 2013-14, the Union Government transferred Central Plan assistance of ₹1,12,708 crore directly to State/district level autonomous bodies and authorities, societies, non-governmental organisations, etc., for implementation of Centrally Sponsored Schemes outside the State Government Budget. The aggregate amount of unspent balances in the accounts of bodies/authorities maintained outside Government accounts was unascertainable.

Scientific and Environmental Ministries/Departments (Report No. 27 of 2014)

- Out of the total 76 Ku band transponders used by Indian DTH operators (July 2013), only 19 transponders belonged to Indian satellites. Only 10 percent of the satellite capacity for the DTH service was serviced by INSAT system.
- Transponder lease agreement entered with Tata Sky gave exclusive benefits to Tata Sky like first right of refusal to for using Ku band transponders for DTH service, which were not offered to any of the other DTH service provider. Tata Sky was fifth in the order of preference for allocation of satellite capacity. However, Tata Sky was granted precedence over Doordarshan and allocated capacity on INSAT 4A satellite.



- Prices of transponders leased from foreign satellite systems were increased from five to 33 *percent* over a period of one to six years whereas DTH service providers availing INSAT transponder capacity paid the same charges for over six to ten years.

Employees' State Insurance Corporation (ESIC) (Report No. 30 of 2014)

- Outstanding dues on account of contribution from covered establishments amounted to ₹1,655.42 crore as of March 2013, of which ₹1,001.82 crore was not recoverable.
- Non-initiation of timely action to determine the dues resulted in cases becoming time-barred and consequent loss of revenue amounting to ₹48.31 crore. Advances of ₹20.31 crore given to hospitals as of March 2013 were lying unadjusted in eight States.
- Substantial difference of ₹556.59 crore was observed between challans generated towards contribution to be paid by the employers and actual receipts.
- Approximately 12,000 ESIC employees had been irregularly availing medical benefits from ESIC dispensaries/hospitals without paying, though the facilities were meant for only insured persons paying contributions.

Indira Awaas Yojana (Report No. 37 of 2014)

- The implementation was test-checked by audit in 168 districts spread over 27 States and 4 Union Territories for the period from April 2008 to March 2013. We found that in 12 States, 36,751 non-BPL families were given assistance of ₹89.15 crore. In 11 States, 10,184 ineligible beneficiaries were given assistance of ₹ 31.73. In 7 States, 33,536 beneficiaries were selected from outside the permanent waitlists and paid assistance of ₹138.02 crore. In 8 states, 1,654 beneficiaries, who received assistance of ₹5.37 crore, already had *pucca* houses. In 8 States, 5,824 beneficiaries were selected more than once and assistance of ₹14.67 crore was extended to them. In 6 States, allotment of dwelling units in the name of female members of the household was not implemented as contemplated in the programme guidelines.
- The Working Group under the Planning Commission on Rural Housing had fixed the targets of construction of 170 lakh houses under the IAY for 2008-13. However, only 128.92 lakh houses (75.84 *percent* against Working



Group target) were constructed during the period.

- Audit came across cases of delay in completion of houses beyond stipulated time limit of two years in numerous cases. In 48 selected districts of nine states, 61,293 houses remained incomplete despite a lapse of more than two years, which resulted in unfruitful expenditure of ₹150.22 crore in respect of these incomplete houses. Audit also came across cases of IAY houses being abandoned even after receiving full amount by the beneficiaries; cases where beneficiaries having got first instalment neither claimed nor were paid the second instalment of the IAY assistance; and engagement of contractors/department in contravention of the IAY guidelines.
- No quality inspections/technical supervisions were conducted by the concerned authorities/technical experts at any level in 1,639 GPs (55.37 percent of 2,960 selected GPs) under 214 blocks of 91 districts in 13 states.
- Due to slow pace of utilization/underutilization of funds by the states, there was deduction of ₹2,451.84 crore from their due Central allocation. Corresponding states' share on account of Central share deduction which would have been contributed by them worked out to be ₹810.08 crore. This resulted in denial of assistance to 7.25 lakh targeted beneficiaries.
- There was unauthorized deduction of ₹139.37 crore on account of administrative charges, non-construction/non-installation of smokeless *chulha*/sanitary latrine/IAY logo, etc. from payment due to beneficiaries in three states and under payment of ₹19.07 crore in six states.
- In contravention of IAY guidelines, in 22 States, social audit of the IAY was not conducted to monitor the implementation of IAY at the ground level.
- As part of the IAY, a scheme for providing neither homestead sites to those rural BPL households who neither possessed agriculture land nor a house site, was launched in August 2009. Against the proposed Central allocation of ₹1,000 crore, ₹347.47 crore was released to nine States based on the proposals sent by these States to the Ministry. Audit found that this scheme was not implemented in 17 States/UTs.

Union Government, Defence Services (Air Force and Navy) (Report No. 34 of 2014)

- Even 14 years after taking up the development and supply of a trainer



aircraft for intermediary training matching the requirements of the Indian Air Force, the Hindustan Aeronautics Limited could not complete the mission. Advances released to it to the extent of ₹2,953.88 crore against the contract of March 2010 remained unutilized. Due to ambiguous contractual provision, IAF had made substantial second stage payment amounting to ₹926.15 crore to HAL against nominal value of purchase orders valuing ₹6.04 crore.

- IAF suffered loss of ₹713.09 crore due to non-implementation of 'Fall Clause' in procurement of fuel and that of ₹9.58 crore due to failure in taking advantage of prompt payment discount.

Union Government, Defence Services (Air Force and Navy) (Report No. 4 of 2014)

- Injudicious decision to persist with a programme for development of Electronic Warfare suite for MiG-27 aircraft named 'Takshak' sanctioned to be developed with an investment of about ₹156 crore was rendered largely unfruitful.
- Delay in initiation and conclusion of the contract for extending the Total Technical Life and overhaul of transport aircraft, the facilities could not be set up in time despite an investment of ₹272 crore on Transfer of Technology for creation of facilities. As a result, more than 50 *percent* of the transport aircraft fleet remained grounded.
- An avoidable expenditure of ₹227 crore was incurred on procurement of 100 aero-engines of a transport fleet against the contract of December 2009 on account of failure of IAF to project full requirement of these engines during the estimated life cycle of the fleet.

Union Government Communications and IT Sector (Report No. 17 of 2014)

- The Telecommunications Sector registered an impressive growth of 216 *percent* during the last five years i.e. 2007-08 to 2011-12. However, 100 *percent* subscriber verification, a concern of national security, could not be achieved by the service providers due to ineffective monitoring and weak control by DoT Hqrs and the TERM Cells. Further, as DoT had restricted its audit checks to 0.1 *percent* of the total subscribers of each service provider, large number of the non-compliant cases went undetected and the penalty amounting to ₹2,116.95 crore remained unpaid by seven Telecom Service Providers.
- Unilateral switch off of mobile services by M/s RCL and M/s RTL in violation



of terms and conditions of USOF/UASL Agreement resulted in depriving affordable mobile services to the specified rural and remote areas of the Country allotted to them.

Union Government (Defence Services) Army, Ordnance Factories and Defence Public Sector Undertakings (Report No. 35 of 2014)

- In order to attain self-reliance and effect savings in foreign exchange, Government decided, in 1983, to indigenize the production of TATRA vehicles being imported from Czechoslovakia since 1969. Bharat Earth Movers Limited signed a collaboration agreement with M/s Ompol (OEM) in 1986. The objective was to attain 86 percent indigenization by 1991. However, even by 2014, the target was yet to be attained. Delay in process of indigenization of TATRA vehicles was due to lack of clear long term projection of orders by Army to BEML, though the Army had procured 7942 vehicles during this period.
- The Ordnance Factories held an inventory of ₹10,490 crore (31 March 2013) which accounted for two-third of the cost of production. We test-checked the performance of Ordnance Factory Board and nine sampled Ordnance Factories having inventory worth ₹4,799 crore, which represented 46 percent of the total inventory held in all Ordnance Factories as of 31 March 2013. At the level of ₹2,425 crore as of 31 March 2013, Stores-in-hand (SIH) constituted over 50 percent of the inventory holding in the nine sampled factories. Non-moving SIH increased by 73 percent during 2010-13. Our analysis showed that 95 percent of the SIH in the sampled factories exceeded the prescribed limits. Over four-fifth (80 percent) of these items were not consumed at all during 2012-13.

Works-in-Progress (WIP) in the nine factories increased by 21 percent during the period 2010-13 and as of March 2013, the value of WIP stood at ₹1,501 crore. The increase in WIP without a correlated increase in cost of production points to a risk of erroneous booking of material or labour against open warrants.

- We found that the production of indigenous tanks did not meet the schedule planned for timely fulfillment of Army's needs. The production of Main Battle
- Tank Arjun was derailed due to frequent changes in design, contrary to the assurance in 2004 that the design had been frozen. Introduction of new requirements not envisaged in the original GSQR by the Army led to



dismantling of already manufactured MBTs. Delays in the Ordnance Factories in creation of infrastructure facilities and problems in sourcing quality assemblies, added to the delayed production of MBT Arjun.

- The Transfer of Technology for indigenous production of T-90 tank was affected by delays in translation of design documents and the Russian firm's inability to share designs on certain critical assemblies. The problem was compounded by delays in decisions on alternative solutions on these designs.
- Inordinate delays in production of both the tanks, MBT Arjun and T-90, led to fresh import (November 2007) of T-90 tanks valuing ₹4,913 crore. While the progress of the project for augmentation of production capacity of T-90 tanks sanctioned in September 2011 was very slow, the existing facilities for MBT Arjun remained underutilized in absence of additional orders for MBT Arjun from the Army.
- Review of procurement of machinery in ten sampled Ordnance Factories revealed that these factories spent ₹755 crore on new machinery during 2007-12 but it did not translate to augmentation of capacity. In fact, the availability of machine hours in the Factory showed a downward trend from 683 lakh hours in 2010-11 to 639 lakh hours in 2012-13. This arose from the result of a combination of factors viz. time lag in pace of replacement of condemned machines, delays in receipt and commissioning of new machines and high incidence of breakdowns. The Board did not flag these deficiencies effectively nor did it recommend the corrective measures to plug the shortcomings so as to ensure efficient and effective running of machines and to achieve the benefit intended for.
- Ministry of Defence directly purchased (1996 and 1998) 50 Su-30 MK aircraft and an Inter-Governmental Agreement was concluded (October 2000) with Russia for transfer of license and technical documentation for production of 140 aircraft, its engines and accessories in India. IAF ordered (January 2001) 140 aircraft from HAL stipulating the deliveries up to 2017-18 which was later advanced to 2014-15 in March 2006. HAL signed (December 2000) a General Contract for facilitating license production. HAL did not receive all the components of transfer of technology as required impacting the timely supply of deliverables. *There was delay in production of engines from raw material stage and in setting up the required facilities for repair and overhaul.* HAL procured inventory of ₹1,725.41 crore in advance of requirement due to non-synchronization of purchases production schedule.
- Acceptance of a new rate by HAL for procurement of engine kits disregarding the price stipulated in the General Contract of December 2000 resulted in additional



expenditure of ₹66 crore.

- Due to adoption of incorrect exchange rate by MoD, while amending the contract, HAL incurred a loss of ₹101.72 crore in supply of aircraft towards the contract for additional 40 aircrafts.

Dual Freight Policy for Transportation of Iron Ore Traffic in Indian Railways (Report No. 14 of 2015)

- We found large-scale evasion of freight or non-imposition of penalty due to irregular allowing of concessional rate. Allowing booking by Railways of Iron ore in 5083 rakes charging freight at lower rates applicable to iron ore meant for indigenous manufacture led to freight evasion of ₹2309.06 crore during the period from May 2008 to September 2013. Complete and prescribed documents facilitating end-use verification were not obtained.
- Booking of 190 rakes on the basis of invalid documents resulted in freight evasion of ₹108.42 crore.
- Inaccuracies in the affidavit allowed freight evasion of ₹4,508.61 crore besides a leviable penalty of ₹830.04 crore.
- Non-submission/partial submission/submission of invalid documents in respect of Steel Authority of India Limited (SAIL) also resulted in short charging of freight of ₹ 4,838.80 crore besides a penalty of ₹5.45 crore.
- In case of 61 consignees, aggregated quantity of 71.22 lakh MT shown as received in ERs was far less than the quantity transported by Rail, which indicated that the quantities booked and transported at domestic rate were diverted for third party trading/export. This quantity was not eligible for the domestic rate and attracted penalty of ₹5,095.97 crore. Of these, 48 consignees failed to submit prescribed documents.

Railways Finances (Report No. 15 of 2015)

- Annual growth rate of freight earnings declined sharply from 22.60 *percent* to 10.14 *percent* and passenger earnings grew from 10.89 *percent* to 16.63 *percent* over the previous year.
- Operating Ratio (percentage of working expenses to traffic earnings) of IR deteriorated to 93.60 in 2013-14 from 90.19 in 2012-13.
- Net Surplus after meeting dividend liability decreased to ₹3,740.40 crore in 2013-14 as compared to ₹8,266.25 crore in 2012-13 due to decrease in Net Traffic Receipt by 47.93 *percent* and excess payment of dividend by 28.16 *percent* over the budget estimate.



- The balance available in the Railway funds had declined from ₹15,654.68 crore in 2008-09 to ₹6,025.28 crore in 2013-14.
- Due to insufficient fund in Capital Fund, IR made payment of ₹12,629.49 crore to Indian Railway Finance Corporation during the period 2011-14 out of General Budgetary Support, in violation of their own accounting policy.
- During 2012-13, there was a loss of ₹26,025.46 crore on passenger and other coaching services. The freight services earned a profit of ₹33,221.24 crore. IR was able to retain 21.66 *percent* of the profit on freight earning after subsidizing the loss on passenger services in 2012-13 as compared to (-) 2.46 *percent* in the previous year, showing an improvement in the operational profit.
- IR incurred expenditure of ₹1,877.09 crore in excess of the approved Appropriation in 6 revenue grants and 10 appropriations and ₹842.66 crore in capital grant (one segment) and appropriation (two segments).
- IR's plan expenditure was financed mainly from General Budgetary support and Railways' Internal Resources. In 2013-14, there was an excess expenditure of ₹841.84 crore out of General Budgetary support after persistent savings for the last six years despite huge backlog of ongoing projects.
- The outstanding balance in traffic accounts represents unrealized earnings. The balance under traffic accounts in accounts of IR increased from ₹ 1,149.06 crore as of March, 2010 to ₹1,590.33 crore as of March, 2014.

Commercial (Report No. 2 of 2014)

- Non-compliance with government's directive in the declaration of dividend by 30 companies resulted in a shortfall of ₹3,588 crore in the payment of dividend for 2012-13.
- Equity investment in 65 out of 327 government companies had been completely eroded by their accumulated losses. As a result, the aggregate net worth of these companies had become negative to the extent of ₹68,202 crore as on March 31, 2013.
- The net impact of Three Phase Audit on profitability was ₹4,595 crore and on assets/liabilities was ₹4,349 crore.
- In the case of statutory corporations where CAG is the sole auditor, rectification of errors amounting to ₹6,222 crore was carried out at the instance of our audit.
- Violation of the DPE guidelines resulted in irregular payment amounting to



₹46.23 crore in two cases in a test check in audit.

- In one case, there was no action on the reported non-compliance with DPE guidelines, which resulted in further irregular payment of ₹95.60 crore.
- Investment made by ONGC Videsh Limited in JVs/ foreign subsidiaries stood at ₹70,761 crore by end of March 2013. Further, an investment of ₹10,300 crore was made by end of March 2013 by 23 government companies/corporation in 84 JVs (76 JVs incorporated in India and 8 JVs un-incorporated). The accounts of these JVs/foreign subsidiaries lacked parliamentary oversight.

Stressed Assets Stabilisation Fund (SASF) (Report No. 5 of 2014)

- The non-performing assets of (approximately at ₹9,000 crore as of March 2004) were transferred to a special purpose vehicle set up in the form of a Trust called the 'Stressed Assets Stabilisation Fund' (SASF). The Government provided ₹9,000 crore in the budget for the financial year 2004-05 for extending loan to the Trust. We reviewed the recovery performance of these transferred loans and found inadmissible exchange of eight turnaround cases with net loan outstanding (NLO) of ₹1,522.29 crore for three fresh cases with NLO of ₹1,335.29 crore. On the 8 loans transferred unauthorisedly by the Trust to IDBI Bank recovery made was ₹1,659 crore against a total Net Loan Outstanding (NLO) of ₹1,522.29 crore. On the other hand, the Trust could recover only ₹360.32 crore with NLO of ₹1,335.29 crore.
- Out of the total 319 settled cases having a total NLO of ₹2,933.12 crore, 150 were settled for amount lower than NLO with short recovery being to the tune of ₹ 915.17 crore. Similarly, out of the 101 resolved cases having a total NLO of ₹ 2,878.29 crore, in 60 cases the recovery was ₹828.94 crore against NLO of ₹2,650.30 crore. In the unresolved category, in 79 cases with NLO of ₹625.32 crore, the Trust could not recover any amount and from the balance 132 cases, the Trust could recover only ₹396.75 crore against NLO of ₹2,380.37 crore.

Report No. 13 of 2014

- Central Coalfields Limited, a subsidiary of holding company Coal India Limited (CIL) did not recover washery charges from 'e-auction' consumers, unlike the practice followed by Bharat Coking Coal Limited, another subsidiary of CIL, leading to loss of opportunity to earn ₹418.58crore during April 2008 to December 2012.
- MMTC Ltd. and PEC Ltd. continued trading on the NSEL in spite of deficiencies which resulted in blocking of ₹341.72 crore of the two Companies. The amount



was recoverable due to the time gap between purchase payments and sales realization as per trade practice on the exchange. NSEL defaulted continuously in paying its dues to both the Companies from August 2013.

- Foreign Trade Policy exempted the High Flash High Speed Diesel (HFHSD) from payment of excise duty under deemed exports for consumption in petroleum operations in eligible areas, if such HFHSD was purchased through international competitive bidding (ICB). Oil and Natural Gas Corporation (ONGC) Limited purchased HFHSD during 2006-13 for its petroleum operations in the eligible areas without resorting to ICB. The avoidable expenditure due to non-availing of deemed export benefit was ₹326.75 crore during 2006-13.
- Five CPSEs (ONGC, MECON, RECL, BHEL and BDL) did not adhere to the DPE guidelines with respect to payment of Performance Related Pay and made an irregular payment of ₹202.95 crore for the years 2008-09 to 2012-13.
- Against 45 days stipulated in National Highways Fee (Determination of Rates and Collection) Rules, 2008, for start of collection of toll from the date of completion, the toll collection at Allahabad Bypass project on NH-2 could be started after delay of about three years (November 2009 to July 2012) resulting in loss of revenue of ₹150.09 crore.
- National Textile Corporation's decision to conclude the sale of land of Bharat Textile Mills, Mumbai (September 2010) at a rate lower than the sale concluded a week earlier for an adjacent land, without exercising the option of negotiation as per BIFR guidelines, resulted in loss of opportunity to earn ₹156.97 crore more from sale of land.

Pricing Mechanism of Major Petroleum Products in Central Public Sector Oil Marketing Companies (Report No. 14 of 2014)

- In order to meet the requirements of working capital in the context of delayed settlement of under recovery claims, Oil Marketing Companies (OMCs) sold oil bonds issued by Government at a discount suffering a loss of ₹3,994 crore. OMCs also incurred ₹22,802 crore towards interest on borrowed working capital and suffered an interest loss of ₹5,180 crore due to delay in release of compensation during 2007-08 to 2011-12. Delay in declaration of cash compensation also led to avoidable payment of interest of ₹381 crore on short payment of advance income tax by the OMCs.

Implementation of Public Private Partnership Projects in National Highways Authority of India (Report No. 36 of 2014)

- NHAI parked ₹9,928.31 crore in fixed deposits with banks as on 31 March 2012



and ₹5,933.59 crore as on 31 March 2013. Audit observed that Government lost opportunity to earn tax revenue to the extent of ₹135.87 crore considering Corporate Tax rate of 32.45 percent on surplus money invested in fixed deposits at the rate of 9.85 percent per annum out of funds borrowed through tax free bonds.

- Two projects namely Nagpur-Betul and Lucknow-Raibareilly were approved for 4-laning despite the fact that the minimum threshold traffic was not expected to be achieved in the next five to 12 years. Unwarranted 4- laning would result in extra cost of construction ₹1,724.10 crore which was avoidable apart from increased user fee to be paid by road users which is higher by 66.67percent for 4-lane as compared to 2-lane.
- Varanasi –Aurangabad project which would achieve minimum threshold limit for six laning only in 2034, was prematurely taken up for up gradation to six lane which resulted in extra burden of ₹565 crore on NHAI by way of Viability Gap Funding as well as foregoing of toll revenue by the Government for 24 years.
- Instead of adopting the total traffic on the stretch of highway for determining the concession period, NHAI, while fixing the concession period, considered only tollable traffic resulting in fixing higher concession period which would result in unwarranted burden of ₹28,095.54 crore (NPV: ₹3,233.71 crore) on road users by way of toll for the extended period apart from leading to traffic congestion towards the end of the concession period.
- NHAI's decision to allow tolling on four partially completed stretches resulted in extra burden on the road users amounting to ₹161.67 crore.
- Toll amount of ₹902.89 crore collected by the concessionaires in three 6-laning projects was not transferred to 'withheld amount account' though project milestones were not achieved by the concessionaires. In case of Delhi-Agra project in which the successful bidder was M/s Reliance Infrastructure Ltd, clause 31.3.1A, available in other 6-laning Concession Agreements for withholding the toll collection in case of failure to achieve milestones, was missing from the Concession Agreement.
- NHAI incurred ₹ 856.80 crore on account of change of scope in 23 projects, out of which ₹662.53 crore was due to faulty Detailed Project Report/ Feasibility Report.
- NHAI could not start toll collection in six completed annuity projects due to non-achieving of commercial operation date (COD) in time resulting in non-



realization of estimated toll revenue of ₹259.47 crore. Further toll of ₹171.37 crore could not be collected due to delay in issue of toll notification (₹157.65 crore) and failure to commence toll collection after issue of toll notification (₹13.72 crore) for these projects.

- Toll revenue of ₹303.62 crore was diverted by Concessionaires in Delhi-Agra and Pune Satara projects as investment in Reliance Mutual Funds rather than being spent on construction work.

Direct Taxes (Report No. 3 of 2015)

- Income Tax department recovered ₹3,659.7 crore during 2013-14 on the basis of observations pointed out by audit.
- Audit found that Direct Taxes increased by 14.2 *percent* in FY 2013-14 (₹79,607 crore) as compared to FY 2012-13. However, share of direct taxes to Gross tax receipts increased slightly from 53.9 *percent* in FY 2012-13 to 56.1 *percent* in FY 2013-14.
- During the period FY 2009-10 to FY 2013-14, the average rate of growth of Corporate Tax and Income Tax was 15.3 *percent* and 23.6 *percent* respectively.
- The total revenue forgone on account of tax exemptions for direct taxes increased from ₹1.02 lakh crore in FY 2012-13 to ₹1.16 lakh crore in FY 2013-14. The revenue foregone has been increasing in absolute terms since FY 2010-11.
- The Department had disposed of only 2.8 lakh cases in FY 2013-14 out of total 7 lakh scrutiny assessment cases.
- Audit noticed that the uncollected demand increased from ₹4.86 lakh crore in FY 2012-13 to ₹5.75 lakh crore in FY 2013-14. The Department indicated that more than 94 *percent* of uncollected demand is difficult to recover in FY 2013-14.
- We noticed 2,427 cases with tax effect of ₹1,121.2 crore in FY 2013-14 has become time-barred for remedial action.
- Commissioner of Income Tax (Appeal) disposed of only 87,770 appeals in FY 2013-14 out of 3.03 lakh appeals due for disposal and Appeals pending with CIT (A) increased from 1.99 lakh in FY 2012-13 to 2.15 lakh in FY 2013-14.
- Audit noticed that considerable delays at various stages on the part of the Settlement Commission and the ITD as numbers of applications filed prior to 1 June 2007 are still pending with the Commission for disposal. Besides, ITD took considerable time in submission of required reports to the Commission and giving effect to the orders of the Commission.



Assessment of income tax in Pharmaceuticals Sector (Report No. 5 of 2015)

- We found 246 cases involving a tax effect of ₹1,348.44 crore relating to systemic, compliance and control issues in assessment. ITD did not maintain database of assesses as well as data of incentives given to the Pharmaceuticals Sector and hence the impact of such incentives could not be assessed. ITD allowed the weighted deduction on expenses towards R&D involving tax effect of ₹570.59 crore without cross-checking the claims with the documents issued by the Department of Scientific and Industrial Research.
- ITD committed mistakes in allowing business expenditure, R&D expenses, allocation of R&D expenses among the units benefitting from such R&D, inconsistency in assessments, irregularities pertaining to international transactions, arithmetical errors etc involving tax effect of ₹714.24 crore. ITD allowed expenses prohibited by law/not related to business directly related with Pharmaceuticals industries involving tax effect of ₹55.10 crore.

Allowance of Depreciation and Amortization (Report No. 20 of 2014)

- Rates of depreciation on different assets/ block of assets as provided in the Act differ from those prescribed under the Companies Act 1956 for the same assets. We found that depreciation as per the Act was higher in 6,267 cases and lower in 5,926 cases by a difference aggregating ₹57,665.41 crore and ₹11,754.80 crore, respectively. As regards allowance of depreciation under the Act, ITD makes additional efforts in computation of taxable income.
- Due to non-existence of proportionate allowance of depreciation depending upon the use of assets, assesseees have claimed unintended benefits. We observed that 986 assesseees made additions of various assets worth ₹1,41,725.45 crore in the month of March and claimed depreciation of ₹15,617.86 crore instead of allowable depreciation of ₹2,602.61 crore on *pro rata* basis for the month of March only, the assets being purchased in the month of March itself.
- 20 assesseees claimed and were allowed depreciation on assets not owned by them at all. This led to under assessment of income by ₹92.79 crore. 35 assesseees were allowed depreciation on assets which were not used in the business leading to short tax recovery of ₹43.96 crore. Due to mistakes in determination of actual cost or written down value of assets in 29 cases, there was excess allowance of depreciation involving tax effect of ₹85.47



crore. While calculating depreciation, AOs did not deduct capital investment subsidies received from the cost of the assets in 18 cases resulting in under assessment of income by ₹35.65 crore.

- 44 assesseees committed mistakes in adoption of correct figure of depreciation in computation of income involving tax effect of ₹212.97 crore. In 142 cases, depreciation was allowed at the rates higher than the rates provided in the Income Tax Rules 1962. Excess allowance of depreciation involved tax effect of ₹107.85 crore.
- Mistakes in carrying forward/setting off of depreciation in 87 cases resulted in under assessment of income involving tax effect of ₹694.65 crore. 26 assesseees irregularly claimed and were allowed irregular allowance of capital expenditure as revenue expenditure which involved tax effect of ₹344.97 crore. AOs committed mistakes in grant of additional depreciation in 99 cases involving tax effect of ₹656.19 crore.
- There is no mechanism available in the ITD to verify the veracity of claim of the assesseees for depreciation in respect of additions made to the block of assets in previous year. ITD does not have any mechanism/database or maintain register/records for keeping a watch over the correct status of unabsorbed depreciation carried forward for future set off. ITD does not have any effective mechanism to ensure the correctness of Written Down Value (WDV) carried over for the purpose of allowance of depreciation or set off of unabsorbed depreciation thereon.

Appreciation of Third Party (Chartered Accountant) Reporting in Assessment Proceedings (Report No. 32 of 2014)

- Tax auditors failed to give correct information relating to allowance of depreciation in 66 cases involving short levy of tax of ₹457.79 crore.
- Tax auditors did not report correct information regarding brought forward loss/depreciation resulting in irregular brought forward loss/depreciation allowance in 46 cases involving short levy of tax of ₹557.79 crore.
- In 42 cases personal/capital expenditure was incorrectly allowed as the tax auditors did not report the amount in their tax audit reports which resulted in short levy of tax of ₹477.89 crore.
- CAs certified wrong information/claims for various exemptions and deductions in 74 cases having tax effect of ₹259.72 crore.
- CAs gave incorrect/incomplete information in TARs/certificates in 132 cases having a revenue impact of ₹1,037.61 crore.



- CAs committed mistakes in another 616 cases viz. in allowance of exemption/deductions, charging of tax on Book Profit under Section 115JB, adoption of Arm's Length Price and reporting on cash payments exceeding ₹20,000 per day.
- Assessing Officers failed to utilize the information available in 102 reports/certificates submitted to them by the assesseees leading to short levy of taxes of ₹1,310.05 crore.
- Regarding monitoring of work of CAs and ensuring quality tax audit, ICAI issued guidance to its members for limiting the tax audit assignments in a financial year. It was found that 18.87 percent of CAs (12,435 CAs) for AY 2013-14 issued more tax audit reports than prescribed by ICAI.

Central Excise & Service Tax (Report No. 29 of 2014)

- Eleven cases from five Commissionerates involving meager amount of ₹1.82 lakh are under prosecution in various Courts for periods exceeding 30 years. The department was not able to provide details of date of filing of complaint in 43 prosecution cases having a revenue implication of ₹31.50 crore. In 138 prosecution cases in 27 Commissionerates, investigation reports suffered delays in obtaining the mandatory sanction of the Chief Commissioner to launch prosecution.
- In 175 cases relating to 37 Commissionerates and DGCEI, Delhi there was delay of a month to 15 years in filing complaints with the Courts of Law. Instances of delay in Court proceeding due lack of proper attention by the departmental officers were noticed.

Central Excise (Report No. 33 of 2014)

- We observed delays ranging between one year and five years in adjudication of demands involving revenue of ₹587.56 crore.
- Absence of provision in Cenvat Credit Rules, to reverse the proportionate Cenvat credit relating to input services at the time of clearance of input/capital goods 'as such'. We came across 44 cases involving revenue implication of ₹87.37 crore.
- We noticed 25 cases of incorrect valuation of excisable goods involving duty impact of ₹ 547.93 crore.



CAG Reports to the Legislatures of the States

Andhra Pradesh (Report No. 2 of 2015)

- We reviewed the implementation of Resettlement and Rehabilitation (R&R) measures in selected major irrigation projects and found delays at every stage of the R&R process. Project wise comprehensive R&R plans were not prepared in any of the 10 test checked projects. Out of 439 R&R centers contemplated in 10 test checked projects, land acquisition was completed only for 174 R&R centres, infrastructure facilities were developed in only 97 centres and only 12,091 out of the total of 74,169 PDFs (excluding Polavaram project) have been resettled so far even after more than eight years since commencement of the projects.

Assam - Report on Kaziranga National Park (KNP)

- There is neither adequate number of anti-poaching camps on the periphery of the park nor a foolproof periphery protection plan. None of the wildlife guards of KNP were imparted any training during 2008-09 to 2012-13. Aged staffs were deployed on frontline duties. Reasons for transferring out the fresh recruits out of KNP despite increase in poaching cases/arrests of poachers were not on record.
- Against the financial outlay of ₹93.76 crore projected for 2010-11 to 2012-13, the KNP authorities got only ₹17.37 crore.
- Though 83 personnel had laid down their lives while on duty, family members could not avail of compassionate appointment. Further, the additional allowances paid to the frontline staff are not commensurate with the arduous nature of duties.

Bihar (Reports No. 1, 2 & 3 of 2014)

- The data of Adolescent Girls were not reliable and, in contravention of the scheme guidelines, over-aged girls of more than 18 years and school going girls of 11 to 14 years were allowed to take the benefits of the Rajiv Gandhi Scheme for Empowerment of Adolescent Girls – SABLA.
- As on 31 March 2014, there were 33 working Public Sector Undertakings (30 companies and three statutory corporations) and 40 non-working companies. As of 30 September 2014, 29 working PSUs had arrears of 199 accounts and the extent of arrears was one to 23 years.
- Bihar State Road Transport Corporation could not maintain fleet strength of right age buses despite availability of funds. As a result 54 percent to



77 percent of buses could not be plied and the Corporation sustained a revenue loss of ₹165.30 crore.

- As a result of deficient PPP agreements, failure on the part of the Corporation to safeguard its financial interests and poor monitoring, the Corporation suffered a revenue loss of ₹13.72 crore.
- In two check-posts, 12,552 vehicles with consignment value of ₹5,402.37 crore used out to out *suidha* for transit through Bihar. The vehicles entered into Bihar but did not exit, leading to leakage of revenue.
- In 11 commercial taxes circles, suppression of sales/purchase turnover of ₹217.87 crore by 15 dealers resulted in underassessment of tax of ₹76.27 crore including leviable penalty and interest.
- Irregular claim of Input Tax Credit (ITC) by the seven dealers in four commercial taxes circles resulted in excess allowance of ITC of ₹33.80 crore including leviable penalty and interest.
- In Bhagalpur commercial taxes circle, there was non-levy of electricity duty amounting to ₹416.96 crore including penalty on sales of energy.
- Due to allowing payment of differential amount on the basis of their tendered rate instead of rate quoted by lowest tenderer the Department would be deprived of ₹341.32 crore during 2014-15 to 2018-19.

Chhattisgarh (Reports No. 1 & 3 of 2014)

- The Department did not frame any rules to recover the license fee of ₹178.41 crore from the licensees which was collected by them from the consumers during sale of liquor in excess of Minimum Guaranteed Quota. Incorrect fixation of average duty of foreign liquor by the Excise Commissioner led to short realization of duty and license fee aggregating ₹79.35 crore.
- Non-evaluation of treatment of degraded bamboo forest resulted in irregular expenditure of ₹26.47 crore. Execution of treatment of degraded bamboo forests in ineligible areas resulted in irregular/ avoidable expenditure of ₹9.73 crore. Department incurred expenditure of ₹28.26 crore on bamboo plantation. Non-exploitation of due bamboo coupes having 1.91 lakh hectare bamboo area resulted in loss of revenue amounting to ₹39.10 crore.

Delhi (Reports No. 1 & 2 of 2015)

- Failure of the Department of Trade and Taxes to institute a system of inter-departmental cross-verification for detection of cases of un-registered



works contractors, suppression of turnover, non-filing of returns, non-deduction of TDS and underassessment of turnover in 55 cases led to short levy of tax of ₹98.26 crore including interest and penalty.

- Poor contract management and not taking timely action by the Department resulted in extra burden of ₹3.19 crore on vehicle owners. Only 1,70,581 out of 10,17,764 vehicles were affixed with High Security Registration Plates (HSRPs). The Department has no mechanism to trace out vehicles plying without valid Certificate of Fitness.
- The Delhi State Spatial Data Infrastructure Project has not achieved its objective despite release of ₹116.86 crore towards the cost of the project. Subsequent performance showed slackness in the implementation of the project and uncertainty about the usability of the data resulting in unfruitful expenditure of ₹50.29 crore.
- Out of 18,000 children studying in Education Guarantee Scheme and Alternative and Innovative Education centres supported under Sarva Shiksha Abhiyan, only 1,154 children were covered during the period 2013-14. Mid-day meals were not served for the prescribed number of days in both Primary and Upper Primary Schools. Out of 2,102 samples of cooked meals, a total of 1,876 samples (89 percent) failed tests for nutritive value during 2010-14.
- There were 14,209 prisoners against the capacity of 6,250. Proposals for new jails at Narela, Baprola and Ghitorni could not materialize due to delay or non-acquisition of land. The ratio between guarding staff and prisoners was 1:16 to 1:21 as per actual men in position against the ideal ratio of 1:6. Due to shortage of doctors, medical staff and laboratory facilities, prisoners were referred to outside hospitals on 93,224 occasions during 2009-14, out of which, 77,232 were only for OPD treatment.
- Asha Kiran Complex, meant for mentally retarded persons, is over-burdened with 970 inmates against its capacity of 350, and only 215 caring staff against a requirement of 502.
- 248 works costing ₹39.90 crore were sanctioned under Member of Legislative Assembly Local Area Development Scheme without ensuring essential pre requirements. Works under the Scheme were primarily intended to create new, durable assets. However, 60 percent of the funds in 3,160 works involving expenditure of ₹277.36 crore was incurred in upkeep and improvement of existing assets and 585 works involving expenditure of ₹61.94 crore were not specified in guidelines.
- A review of mechanization of conservancy and sanitation Services revealed



that achievement of MCsD in efficient collection and segregation of garbage was only 17.44 and 25.30 *percent* during 2013-14. During 2013-14, only 41 percent of the garbage and 47 *percent* of construction and demolition waste was processed, while the rest was dumped at Sanitary Land Fills. Against a requirement of 600 acres of land for SLFs, only 324.60 acres were allotted by the DDA out of which only 150 acres of land was found suitable for SLFs. The MCsD failed to provide quality urinal facilities to the general public, in spite of constructing 567 waterless urinals at approximately ₹22.96 crore.

Haryana (Report No. 1, 2 & 3 of 2015)

- Performance Audit of Haryana State Warehousing Corporation disclosed shortfall in achievement of procurement targets in respect of paddy ranging between 21 and 62 *percent* during 2008-09 to 2011-12. ₹40.56 crore were recoverable on account of storage charges out of which ₹21.42 crore pertained to the period 1986-87 to 2007-08. It had not levied penalties of ₹7.74 crore on contractors for delayed completion of works and it lost ₹6.64 crore worth of stocks due to floods and rains.
- Performance Audit of 'Rajiv Gandhi Grameen Vidyutikaran Yojana' disclosed that Distribution Transformers (DTs) meters worth ₹8.27 crore were not utilised for conducting energy audit. DISCOMs awarded contracts for ₹259 crore against REC sanctioned cost of ₹200.22 crore and bore the additional financial burden. Contractors of Uttar Haryana Bijli Vitran Nigam Limited got excess payments of ₹15.36 crore.
- The outstanding dues in respect of Uttar Haryana Bijli Vitran Nigam Limited increased from ₹1,406.32 crore in April 2008 to ₹2,532.36 crore in March 2013. The number of connected defaulters had increased from 17.57 *percent* in 2008-09 to 18.39 *percent* in 2012-13.
- Performance Audit of Development of Urban Estates disclosed that delay in referring the cases of landowners to courts by Land Acquisition Officers resulted in extra payment of interest of ₹3.17 crore. Further, delay in making payment of enhanced compensation led to extra payment of interest of ₹4.67 crore. 2,563 houses constructed at a cost of ₹93.88 crore without proper survey under 'Ashiana Scheme' for economically weaker sections remained unallotted due to non-availability of eligible persons. Five licensees earned a profit of ₹215.21 crore over cost of ₹52.26 crore on sale of land without completing the projects while the Government was deprived of its share of net profit.



- Inadmissible claim of ₹24.22 crore of ITC was allowed due to irregular allowance of ITC in respect of sale of petroleum products, goods not sold, pre-owned cars, paints, bogus claim, excess benefit and incorrect carry forward.
- No action was taken to recover the differential amount of license fee of ₹23.70 crore from 74 defaulting allottees of retail liquor outlets, after re-auction of vends.
- Failure to identify and record Khasra number of prime land/colonies/wards/sectors resulted in short realization of revenue of ₹14.75 crore in 782 cases. IT Audit on “Haryana Registration Information System” brought out that lack of input controls in HARIS IT application led to misclassification of 254 sale documents and irregular remission of stamp duty of ₹70.90 crore. Non-mapping of locations falling within MC limits led to non-levy of two percent additional stamp duty of ₹31.62 crore in 3,497 cases. Non-incorporation of appropriate validation checks in IT application led to wrong remission of stamp duty of ₹70.25 crore in 334 documents.

Himachal Pradesh (Reports No. 2 & 3 of 2014 and Report No. 1 of 2015)

- The Department was not monitoring whether the industrial units set up were indeed meeting the objective of employment generation and there was no mechanism in place to monitor the turnover value of output, profitability extent and quality of employment generation so as to see whether these were commensurate within the burden of tax concession and subsidies.
- Out of six STPs (installed capacity 35.63 MLD) commissioned, the actual utilization was 4.8 MLD (13 percent) resulting in untreated sewage remaining untapped and left out in the open.
- Sawra Kuddu Hydro-Electric Project initially estimated to cost ₹558.53 crore is now anticipated to be completed at a cost of ₹1,165.10 crore by July 2017 involving cost overrun of ₹606.57 crore with consequential increase in per MW cost from ₹5.03 crore to ₹10.50 crore and per unit cost of ₹2.34 to ₹6.95. As the anticipated generation cost would be much higher as compared to the average sale rate of ₹3.43 per unit, the project may become commercially unviable on commissioning. Govt transferred funds equivalent of ₹491.16 crore received from the ADB to the State Government for this project in the shape of grant and loan in the ratio of 90:10 which was converted in to loan by the State Government carrying interest at the rate of 10 percent per annum. The conversion of grant in to loan placed an extra interest burden of ₹126.04 crore on project cost. The change in design of the diversion barrage had an impact



of ₹100.73 crore on the overall cost of the project. Further, Himachal Pradesh Corporation limited did not recover Liquidated Damages amounting ₹11.59 crore from the contractor.

- Additional demand of Sales Tax/ VAT of ₹10.98 crore was not accounted for in the arrears which resulted in short account of arrears in departmental books. Arrears of Sales Tax/ VAT of ₹130.85 crore could not be recovered due to non-exhaustion of available measures for recovery of arrears on account of non-obtaining/ forfeiture of security and improper acceptance of surety/ non-recovery of surety from the dealers.
- Application of incorrect rate and mileage in respect of stage carriage owners of other States, Himachal Road Transport Corporation and private stage carriages, resulted in short assessment/ realisation of Special Road Tax of ₹11.67 crore in 226 cases, including penalty.

Jammu & Kashmir (Reports No. 3 & 4 of 2014)

- The Home Department had neither formulated any long term strategic plan or annual plans nor had implemented the recommendations of the Bureau of Police Research and Development. The Police Stations and Police Posts lacked the basic infrastructural, operational and policing facilities.
- Due to delay in the notification of the State Forest Policy in 2010-11, no credible progress has been made to the objective of the National Forest Policy (1988) of bringing 66 percent of geographical area in hill areas under forest or tree cover. The recorded forest area of the State remained as 16,053 Sq. Km., accounting for 15.83 percent of the geographical area. Major shortcomings were noticed in the Compensatory Afforestation schemes in 25 Territorial (forest) Divisions out of 30 including absence of Working Plans, meagre fund for capital component, non-maintenance of books of accounts and lack of internal controls, diversion of forest land for non-forest use without alternate sites being identified for afforestation etc.
- A Performance Audit of *the schemes related to the skill development and generation of self-employment for the youths* revealed inefficiency and ineffectiveness and shortcomings in the achievement of the targets of several employment generation and skill development were also contributed by the failure of the designated agencies to fulfil their responsibilities such as the District Employment and Counselling Centres (DE&CCs) failing to facilitate as a resource centres for unemployed youth, the J&K State Overseas Employment Corporation failing to even achieve a single placement against a target of 7000



in five years and the J&K Women's Development Corporation generating only 4,714 employment for women against a target of 50,000 in 2010-14.

- A Performance Audit of *the Accelerated Irrigation Benefit Programme* revealed gaps between the irrigation potential created (3.42 lakh hectares) during 1996-97 to 2013-2014 and the irrigation potential assessed (11.76 lakh hectares). The shortcomings and inefficiencies were pointed out in the implementation of the programme including inadequacy in preparation of DPRs resulting in either mid-way abandonment or non-functioning of the completed schemes.
- Lack of internal control and monitoring in a Government Hospital resulted in serious financial irregularities including fraudulent double drawal (₹7.80 lakh), suspected double drawal (₹2.83 lakh), and short credit of hospital revenue (₹7.81 lakh) into Hospital Development Fund. Likewise, fraudulent drawal of pay and allowances of ₹18.89 lakh by inflating the gross/ net amount of salary bills was detected by us. Non-compliance with the guidelines of MG-NREGA and false claim of credit of wages into non-existent Bank accounts resulted in suspected embezzlement of ₹40.24 lakh.
- Weak monitoring and control in the loan sanctioning and disbursement mechanism of the J&K Bank Ltd. vis-à-vis verification of credibility and collaterals of borrowers resulted in doubtful loan and interest recovery of ₹143.94 crore.
- Compared with the target of power department's tariff collection, there was a shortfall in collection of revenue of ₹1,308 crore and the deficit in actual revenue on account of receipts from power consumers vis-a-vis expenditure on power purchased was ₹2,205 crore during 2013-14.

Jharkhand (Reports No. 1 & 2 of 2015)

- JSEB purchased 3,467.99 MUs power on short term basis from Damodar Valley Corporation during 2010-11 to 2013-14 and during the same period JSEB underdrew 2,174.40 MUs power for which it realized lower rate resulting in avoidable expenditure of ₹231.24 crore.
- State Mineral Development Corporation failed to develop and commence mining in eight coal blocks allocated under Government Company dispensation. The allocation of these coal blocks was cancelled by the Supreme Court of India on 24 September 2014 and the entire expenditure of ₹18.31 crore incurred by the Company on these coal blocks became infructuous.



Karnataka (Reports No. 7 & 9 of 2014)

- Karnataka Power Corporation Limited did not implement Unit 1 & 2 of Bellary Thermal Power Station simultaneously which had resulted in non-availing of concessions envisaged under Mega Power Project Policy of Gol. This had also resulted in imposing additional burden on consumers by ₹1,257 crore.
- The works of Unit II of Bellary Thermal Power Station were completed with delay of 27 months from the scheduled date of completion due to which Karnataka Power Corporation Limited suffered loss of potential revenue amounting to ₹1,391.33 crore. The State had incurred ₹1,518.69 crore on energy procured from private sources during delayed period (2010-13).
- In the absence of coal supply arrangement for Unit II from Karnataka EMTA Coal Mines Limited (KECML), a Joint Venture of the Company, Karnataka Power Corporation Limited incurred additional expenditure of ₹377.95 crore on procurement of coal from other sources
- Electricity Supply Companies by not purchasing cheaper power from the State Generator to the extent available, and resorting to purchase at higher costs from other sources, resulted in extra expenditure of ₹1,434.13 crore.
- The longer tenure of the Service Agreement with the Management Partner with unfavourable terms and operational deficiencies contributed to Karnataka State Tourism Development Corporation not even recovering its operating cost despite financial assistance of ₹13.22 crore from the Government. The Company sustained a loss of ₹27.11 crore as of March 2014.
- The Mysore Paper Mills Limited took up a project to install a Rotary Kiln plant to comply with the directions of Karnataka State Pollution Control Board and the Charter on Environmental protection issued by the Gol. The project, which was scheduled to be completed by July 2011, has been lingering for the last three years rendering the investment of ₹33.36 crore idle.
- Five Developers in four LVOs did not declare the turnover of ₹300.47 crore relating to the land owner's share of the building. Short levy of tax in these cases works out to ₹19.49 crore including interest and penalty.
- Absence of controls in the e-Filing System (EFS) to validate such deductions resulted in short levy of tax of ₹15.66 crore including interest and penalty.
- TDS claimed in returns filed by the works contractors exceeded the revenue realized through remittance of TDS by the concerned authorities by ₹941.14 crore.



- KHB selected the locations and the extent of land arbitrarily without conducting any demand survey of land. This resulted in non-execution of projects in approved places or projects being shifted to subsequently identified locations. KHB did not have a defined policy for grant of incentive sites / developed land in lieu of land compensation. It decided the compensation on a case to case basis driven by the demand of land owners. Special Land Acquisition Officer (SLAO) failed to obtain all documents necessary for processing claims before payment of compensation. Hence, ₹8.52 crore was paid as compensation without availability of necessary documents. KHB did not follow the procedures prescribed under the Karnataka Transparency in Public Procurement Act, 1999 while inviting or processing the tenders. Fixation of allotment rate before actual completion of the project resulted in a loss of ₹146.26 crore in three projects.

Madhya Pradesh (Report No. 3 of 2014)

- During the period 2010-13, 48 percent of the allotment for the Scheme of construction of Rural Roads under 'Mukhya Mantri Gram Sadak Yojana (MMGSY)' remained unspent. ₹1,555 crore originally provided under MGNREGS, was later provided from the State budget due to deficient planning. The planning for selection of roads was deficient, 128 roads taken up in disputed land remained incomplete. At the end of 2012-13 only 2,300 gravel roads were completed. There were instances of engagement of ineligible/debarred firms. The quality control inspection by State Quality Monitor and Departmental Officers was inadequate.
- Avoidable payment of VAT on nutritious food for distribution under Integrated Child Development Services (ICDS) resulted in reduction of fund to the extent of ₹196.56 crore.

Maharashtra (Report on Management of Irrigation Projects)

- Lack of prioritization of projects resulted in thin spreading of the resources and consequently, the Water Resources Department was saddled with 601 projects which were under execution as on June 2013 with an estimated balance cost of ₹82,609.64 crore. The balance cost was nine times the capital grant of the Water Resources Department for the year 2012-13.
- The implementation of Vishnupuri major irrigation project, initially approved in May 1979 at a cost of ₹32.24 crore, was hampered by frequent changes in the scope of work. The Water Resources Department accorded four Revised Administrative Approvals increasing/decreasing the scope (construction of



barrages, length of canals, pumps for lifting water etc.) resulting in delays and increase in the cost of the project by ₹2,419.76.

- In 37 out of 87 test-checked projects on which an expenditure of ₹9,078.58 crore had been incurred, complete land (forest and civil) was not acquired before commencement of works thereby depriving the users of the benefits of the projects.
- Improper survey of dam sites before commencement of works resulted in an increase in cost of these projects by ₹209.79 crore, besides delaying their completion.
- Three Irrigation Development Corporations granted administrative approvals to 63 projects amounting to ₹2,467.94 crore in the non-backlog districts in violation of delegation of powers and the Governor's directives.
- Of the 601 ongoing projects, 225 projects were under execution for more than 15 years of which, 77 projects were under execution for more than 30 years. In the test-checked projects, 16 projects were under execution for more than 30 years. Further, of the 601 ongoing projects, there was a cost overrun of ₹47,427.10 crore in 363 ongoing projects, while in 83 out of 87 test-checked projects, the cost overrun was to the extent of ₹12,807.64 crore.
- The Irrigation Development Corporations violated the provisions of the Maharashtra Public Works Manual. Of the total 601 ongoing projects, in 21 ongoing projects, an expenditure of ₹133.42 crore over and above 10 percent of the administrative approvals amount was incurred, while in 100 ongoing projects, an expenditure of ₹2,367.28 crore was incurred over and above the revised administrative approvals, without the approval of the competent authority. The Government incurred a financial liability of ₹90.04 crore in execution of Kondhane minor irrigation project, which was taken up without regulatory permissions and other mandatory clearances. The selection of contractor was not transparent and the award of work for increased height of the dam within 33 days of the initial award was irregular.
- The estimates for the projects were not prepared in sufficient detail. In 19 projects, 24 individual items of works like construction of tunnel work, ring road, Irrigation-Cum-Power-Outlet, canal work etc. amounting to ₹424.56 crore were attached irregularly to the respective original works without inviting tenders, in violation of the Maharashtra Public Works Manual. In five test-checked projects, extra items valuing ₹28.53 crore were irregularly sanctioned to the contractors.



- In 37 contracts, mobilization advance of ₹478.95 crore was paid to the contractors though the contract conditions did not provide for such advance. There was short/non-recovery of royalty charges and insurance premium from the contractors to the extent of ₹ 9.82 crore. In two irrigation projects (Gangapur-Darna and Pawna) there was short/non-recovery of restoration charges amounting to ₹95.75 crore.
- The arrears of water charges for irrigation and non-irrigation purposes increased from ₹748.90 crore in March 2008 to ₹1,275.31 crore in March 2013 (70.29 percent). During 2007-13, the arrears of water charges for irrigation purpose increased by 30.63 percent while for non-irrigation purpose the increase was 138.56 percent.
- There was a short-recovery of water charges amounting to ₹10.42 crore from bulk users due to incorrect application of rates.

Odisha (Report No. 2 of the year 2015)

- Due to improper planning, tagging a state funded project and lack of coordination between three Departments of Government entire expenditure of ₹158.16 crore on augmentation of drinking water supply system at Puri remained unfruitful.
- There were deficient institutional arrangements in implementation laws to check female feticide. Calorie/ protein value of nutrition supplied was not determined to ensure nutritional security of girls even though 14,651 girls were found to be severely malnourished in test checked CDPOs. At elementary level, 7,497 schools and at secondary schools level, 2,201 schools did not have separate toilets for girls.
- Due to lack of adequate monitoring, progress on infrastructure under National Rural Health Mission was not satisfactory as only 2,491 (50 percent) works were completed out of 5028 works sanctioned during 2007-13. Of the above, 1,051 (21 percent) works were lying incomplete after incurring expenditure of ₹40.01 crore and the balance 1486 (29 percent) works were not yet started.

Punjab (Report No. 4 of 2014 & Reports No. 1 & 5 of 2015)

- The Department purchased a helicopter valuing ₹36.62 crore in disregard of the Rules prescribed for public procurement.
- Inaction on the part of Punjab Urban Development Authority (PUDA) to safeguard recovery of loan before rescinding the existing escrow agreement



executed in its favour, led to non-recovery of loan of ₹221.64 crore and interest of ₹28.52 crore.

- Failure of Chief Town Planner to raise claim on PUDA and concerned Development Authorities on account of planning charges resulted in non-recovery of ₹59.50 crore.
- Non-release of funds by the State Government despite availability of Central funds and funds from Government of Rajasthan resulted in blockade of funds of ₹123.09 crore and denial of intended benefits to the farmers.
- Non adoption of FCI rice driage norms, non-execution of MOUs and delay in lodging of claims resulted in loss of ₹158.83 crore to Punjab State Warehousing Corporation. Failure of the Corporation to get the paddy milled within the stipulated period resulted in loss of interest and custody & maintenance charges of ₹556.44 crore and inadequate control on milling operations of paddy resulted in short delivery/misappropriation of paddy/rice amounting to ₹62.86 crore by millers.
- 149.92 MW power potential could not be harnessed due to non-resolution of inter-state water dispute, delay in implementation of project and lack of efforts to harness potential on run-off-river and distributaries. Only 17.65 MW potential was harnessed during 2006-07 to 2013-14 against the target of 200 MW potential as envisaged in NRSE Policy 2006.
- Punjab State Power Corporation Limited selected JV partner through ambiguous tenders. Non determination of coal price on cost to produce basis resulted in extra payment of ₹29.59 crore to the JV partner in respect of grade D coal supplied to PSPCL during 2013-14 alone.
- Extension of One Time Settlement (OTS) Policy without the approval of State Government, less/ non charging of interest, non-adherence to OTS Policy, irregular implementation, favour to a loanee unit and unjustified OTS to a defaulter resulted in loss of ₹163.47 crore to Punjab Financial Corporation.
- Failure to take up with the State Government the matter of making a provision of compensation in lieu of waiver/ non incorporation of penal interest clause for extended/ delayed period of milling of paddy and delivery of rice for KMS 2010-11 and 2011-12 resulted in financial loss of ₹415.50 crore to Punjab State Grains Procurement Corporation Limited.
- Social Infrastructure Cess (SIC) amounting to ₹48.89 crore at the rate of one *percent* of total consideration of ₹4,889.14 crore on 49,370 deeds



executed between 6 February 2013 to 31 March 2013 was not levied on the instruments as was required.

- Motor Vehicle Tax amounting ₹7.18 crore pertaining to mini buses, educational institution buses, goods vehicles and All India Tourist Buses/Maxi cabs was neither paid by the vehicle owners nor demanded by the concerned transport authorities.

Uttarakhand (Report No. 1 of 2015)

- Acknowledgement of funds amounting to ₹20.92 crore released to GPs for **Implementation of Nirmal Bharat Abhiyan** was not obtained in the test-checked districts. There was an overall shortfall of 40 to 52 *percent* in achievement of individual household latrines for below poverty line families in the sampled districts.

Uttar Pradesh (Reports No. 1 & 3 of 2014)

- Utilisation Certificates in respect of substantial amounts (₹1,11,348.81 crore) were not obtained from the grantees.
- Out of expenditure of ₹1,017.37 crore on *Maha Kumbh Mela*, utilization certificates worth ₹969.17 crore were not submitted (July 2013) by the departments. The milestones for completing works and procurements were not adhered to, due to which construction works to the extent of 59 *percent* and supplies upto 19 *percent* were not completed by the start of *the Mela*. Crowd management, which included safety, traffic regulations, security, facilities for health, hygiene, sanitation, food safety etc., was deficient. Fire services were inadequate. Adequate arrangements were not made for prevention of adulterated, sub-standard and spurious food items. No additional arrangement in respect of waste management. Biochemical Oxygen Demand level was above the permissible limit at all the four testing points in the river Ganga and two testing points at *Sangam* on the auspicious bathing dates.

West Bengal (Report No. 4 of 2014)

- In assessing 17 cases of 12 dealers, deductions towards labour, service and other like charges and payments to sub-contractors were incorrectly allowed for ₹1,969.71 crore against deductions allowable for ₹606.66 crore resulting in short determination of taxable Contractual Transfer Price (CTP) of ₹1,361.18 crore with consequent short levy of tax of ₹131.62 crore. In assessing 45 cases of 40 works contractors for the assessment periods between 2006-07 and



2010-11, under-reporting of CTP by ₹592.01 crore resulted in short levy of tax of ₹33.02 crore. Non/short disclosure of CTP in tax returns with consequent evasion of tax was due to the absence of a system for cross verification of data available with the Sales Tax Deducted at Source Cell with the returns/assessment status filed by the works contractors.

- Although provided in VAHAN for generation of list of defaulters, concerned Registering Authorities did not monitor defaults and did not issue demand notices to the owners for realization of dues which resulted in non-realization of tax, additional tax, penalty and special fee of ₹125.68 crore from 2,16,217 defaulter vehicles in the Motor Vehicles Department.

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

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

IV A Union Audit

(i) Accounting and auditing of Canteen Stores Department (Report No. 14 of 2010-11 on Union Government - Defence Services)

- Quantitative Discount (QD) Accounts of the Unit Run Canteens (URCs) under Canteen Stores Department (CSD) brought under audit regime of C&AG of India; Guidelines for distribution and utilization of QD amount were modified to suite the provision under GFR; and QD amount made verifiable by Controller of Defence Accounts.
- The object head "Contribution" has been changed to "Grant-in-Aid" from financial year 2014-15. Budget provision for QD has been revised for grant of fund under "Grant-in Aid".
- CSD has embarked upon a Turnkey Project, Integrated CSD System Phase-II for computerization of CSD.

(ii) Defence Estates Management (Report No. 35 of 2010-11)

- Defence land data across the country stated to have been computerized under Raksha Bhoomi Project and data – CD of Defence land outside Cantts was also released.
- Policy/rules with regard to crediting of revenues from Shopping Complexes and Centres/ complexes, audit of accounts of the complexes and allocation of shops is being further reviewed and fine-tuned to ensure greater revenues, equity, transparency and accountability.



- MoD decided that the land audit will be conducted by the Director General of Defence Estates (DGDE) again to regulate and strengthen the system of control over Defence lands.
 - A committee has been formed which would periodically monitor the status of encroachments, increase/decrease in encroachments, measures taken to fast track recovery of encroached lands and for protection of Defence lands.
- (iii) Budgeting of fund requirements for Ordnance Factories (Para 4.1 of Report No. 1 of 2013)**
- MoD used to obtain Budget authorization from Parliament in respect of Defence Ordnance Factories for net amount after deducting recoveries. It needed to be obtained for gross appropriation under the provisions of Article 113 and 114 of the Constitution of India. MoD has changed the procedure of obtaining of Budget Provision for Defence Ordnance Factory Grant to 'Gross Basis' from FY 2014-15.
- (iv) Assessment of Income tax in Pharmaceuticals Sector (Para 3.25 of Report No. 5 of 2015)**
- The Government amended the provisions of section 35(2AB) of Income Tax Act 1961 through Finance Act 2015 to provide that deduction under the said section shall be allowed, if the company enters into an agreement with the prescribed authority for cooperation in such research and development facility and fulfills prescribed conditions with regards to maintenance and audit of accounts.
- (v) Appreciation of Third Party (Chartered Accountants) Reporting in assessment of Income tax (Para 3.9 of Report No. 32 of 2014)**
- The Government through Finance Act 2015 amended section 288 of Income Tax Act 1961 to provide that an auditor who is not eligible to be appointed as an auditor of a company as per the provisions of sub-section (3) of section 141 of the Companies Act 2013 shall not be eligible for carrying out any audit of furnishing of any report/certificate under any provisions of the Act in respect of that company.
- (vi) Allowance of depreciation and amortization in assessment of Income tax (Para no. 3.19 of Report No. 20 of 2014)**
- The Government through Finance Act 2015 amended section 32 (1) of Income Tax Act 1961 to provide that balance 50% of additional
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depreciation on new plant or machinery acquired and used for less than 180 days which has not been allowed in the year of acquisition and installation of such plant or machinery, shall be allowed in the immediately succeeding previous year.

(vii) Income Tax Exemptions to Charitable Trusts and Institutions (Para 3.2 and 3.79 b of Report No. 20 of 2013)

- The Government through Finance Act 2015 amended Income Tax Act 1961 to provide that Form 10 shall be filed before the due date of filing return of income specified under section 139 of the Act for the Fund or Institution. In case , Form 10 is not submitted before this date then benefit of accumulation would not be available

IV B State Audit

(i) Rajasthan: Excise duty on liquor sold through Heritage Rajasthan Hotels (Audit Reports of Revenue Receipts -Para 6.10.3 of 2011-12 and Para 5.5.11.1 of 2010-11 and Para 6.10.1 of 2011-12)

- The State government amended the existing clause (a) of rule 2 and inserted new rule 3-B in the Rajasthan Excise (Grant of hotel bar/ Club bar licenses) Rules, 1973 to better specify 'Heritage Rajasthan Hotel'.
- **Eligibility criteria under health welfare scheme and tender conditions for housing projects (Madhya Pradesh ReportNo.3 of 2015)**
- In view of audit observation on "irregular financial assistance amounting to ₹1.01 crore to ineligible beneficiaries under Rajya Bimari Sahayata Nidhi scheme for treatment of Below Poverty Line (BPL) patients", Directorate of Health Services, Madhya Pradesh have issued revised orders in terms of family and have clearly defined the definition of family, that 'the benefit of Rajya Bimari Sahayata scheme would be provided to BPL families, consisting of husband, wife, minor children, dependent elder children, dependent mother and father, dependent widow or abandoned/divorced daughter'.
- In view of audit observation on "extra expenditure of ₹1.07 crore towards re-award of an incomplete work of a housing project by Madhya Pradesh Housing and Infrastructure Development Board, due to deficiency in agreement with the contractor", the Madhya Pradesh Housing and Infrastructure Development Board have revised the tender forms and adopted (November 2014) clause containing recovery from contractors as arrears of land revenue under the Madhya Pradesh Land Revenue Code.



V Follow Up on Audit Findings and Recommendations

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

An action taken note states whether

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

The table below shows the position of Action Taken Notes (ATNs) as on 31 March 2015:

	ATNs awaited at the end of 31 March 2015	ATNs settled during the year 2014-15
Union level	510	779
State Level	10,945	1,077
Total	11,455	1,856



Chapter 4

Key Results and Achievements – Accounts and Entitlements

Article 149 of the Constitution and Sections 10, 11 and 12 of the CAG's DPC Act, 1971 prescribe the duties and powers of the Comptroller and Auditor General of India in relation to the accounts of the Union and States. The C&AG is responsible for compilation and preparation of accounts of State Governments (other than Goa), maintenance of GPF accounts in nineteen States and authorization of pension payments of State Government employees in eighteen States. The key focus areas of the Government Accounts Wing of the C&AG and the achievements during the year 2014-15 are discussed below.

I Innovations and Initiatives

AG (A&E) Andhra Pradesh and Telangana

- 1. Revision of Pension cases:** The office carried out reengineering of process by introducing two- tier verification/authorization in place of existing three tier verification/ authorization of pension cases, which facilitated early settlement of pension revision cases.
- 2. GPF:** Commenced *e-posting* of GPF credits from treasury data of four treasuries as a *pilot project* by taking data from the Human Resources Management System (HRMS) package.
- 3 Accounts:** Andhra Pradesh State was bifurcated into Andhra Pradesh and Telangana State with effect from 2nd June 2014. Due to this, consequential issues like apportionment of Assets & Liabilities, apportionment of balances under Debt Deposit & Remittance Heads; preparation of separate Monthly and Annual Accounts for both the states; reorganization of functional wings etc. have emerged as significant areas, which were addressed by the office. Write off orders were also obtained in respect of certain inoperative heads which was necessary to clean up the Accounts.

AG (A&E) Tamil Nadu

- 1. GPF and Pension:** Three seminars were conducted for DDOs in Chennai, Krishnagiri and Vellore during 2014-15 wherein the importance of sending the pension proposals in complete shape in advance of their date of retirement, responsibility of Departmental officers was highlighted to the DDOs. As a result of this, there is an improvement in the submission of the pension proposals from



Chennai, Krishnagiri and Vellore districts and more number of cases have been received in advance of the retirement dates of employees from these districts.

In Integrated Financial and Human Resource Management Project of Tamil Nadu Government, initial software requirement of Accounts and Provident Fund Branch of the office have also been identified and intimated to the State Government.

2. The Work Flow environment has been introduced in May 2014 in the Pension Branch in order to involve all cadres in the computerized data flow.

AG (A&E)-I, Uttar Pradesh

1. **Accounts Wing:** In the year 2014-15 the approval of implementation of Integrated Pay and Accounts Office (IPAO) under Integrated Financial Management System (IFMS) was given by the Accountant General to Director of Treasuries.

2. The budget interface developed by M/s TCS is being used in this office to upload budget text file received from the state government and same is uploaded in VLC database using this interface.

AG (A&E), Meghalaya

1. **GPF Wing:** A Public Grievances/Redressal Cell has been set up under the direct supervision of DAG (A/cs & VLC) and all Final Payment cases are now being uploaded on the Accountant General's website under the lists of (1) Settled cases (2) Under process and (3) Referred back cases during the month, for convenience of the retired officials.

2. Pull SMS Service for GPF Subscribers for retrieving latest information about GPF Credit/Debit on trial basis has been implemented during 2014-15.

AG (A&E)-I, Maharashtra

1. **System introduced.** The State Government in consultation with this office has undertaken work of providing digital data of pension cases.

2. The office provides digital data of authorities issued to the State Treasuries which is uploaded in the Pension Application used by the Treasuries. This has reduced data entry efforts at Treasury level and has helped in improving efficiency and has eliminated chances of mistakes in data entry.

AG (A&E), Odisha

E-reconciliation module has been developed in IFMS. Data for e-reconciliation is made available through IFMS to Controlling Officers for reconciliation. Manual reconciliation work was also in parallel run for the year 2014-15 since some



Controlling Officers could not use the module successfully due to lack of expertise in handling this module.

AG (A&E), Bihar

Accrual Accounting: A team of the office has been constituted for a pilot study on Accrual based Accounting System with association of team of State Government in Urban Development Department, Government of Bihar.

AG (A&E), Punjab

1. Pension Module of VLC system has been implemented w.e.f. 01.06.2015. Implementation of GPF Module is under process.
2. E-payment has also been successfully implemented on trial basis w.e.f. 01.05.2014. Full and Final implementation of E-payment module is on the way.

AG (A&E), Manipur

1. Imphal East Treasury has started interfacing their data with VLC system and all the Valley treasuries which have completed computerization will also start their interface with VLC system.
2. Digitization of Pension record has been started with Finance Department, Government of Manipur.

AG (A&E), West Bengal

1. **Integrated Financial Management System:** In the process of implementation of IFMS by the State Government except the HRMS module, a new software was introduced in all the Treasuries. A.G. Office has been linked to IFMS server through a UBR Pole erected in the office. Soft copy of the Monthly treasury accounts is presently downloaded directly from the IFMS portal instead of the earlier practice of receiving it in hard disk.
2. Pension SMS service has been initiated for giving information to the pensioners regarding present status of their pension cases.

II Our Accounts Performance

II A Work plan of Accounts Wing

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

1. Monthly Civil accounts;
2. Annual Finance and Appropriation Accounts;
3. Annual Accounts at a glance;



4. Various MIS reports to State Government including Report on Expenditure;
5. DDO wise expenditure figures, warning slips; and
6. Grant-wise excess expenditure.

Complete and timely rendition of these documents is monitored at the level of field offices. Treasury inspections are also carried out to ensure that system of treasuries is working in accordance with prescribed procedure. All these activities are also being monitored at headquarters level and appropriate comments are being communicated to the respective P/AsG through quarterly performance report (KRA).

II B Timeliness

28 Accounts offices of the IAAD were due to render monthly accounts to the State Governments. While 18 Accounts offices were able to render monthly civil accounts on time, there were delays in submission of monthly civil accounts by 10 Accounts offices. Out of 364 monthly civil accounts due to be rendered during the year, 275 accounts were rendered in time, and 89 accounts were delayed. Delays occurred mainly in the Accounts offices in the eight North Eastern States, one Eastern and one State from Southern Region due to late receipt of accounts from the treasuries/divisions/other account rendering units of State Governments.

II C Completeness

86.18 *percent* of the monthly civil accounts rendered were complete in all respects. 20 out of 28 Accounts offices rendered complete monthly accounts to the State Governments. In eight Accounts offices monthly accounts rendered were incomplete as few treasuries had been excluded from the monthly accounts due to late receipt of accounts from treasuries etc.

II D Causes of delay in rendering accounts to State Governments

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

II E Combined Finance and Revenue Accounts

The Combined Finance and Revenue Accounts (CFRA) is a consolidation of the accounts of the Union and the States. CFRA for the year 2011-12 was finalized



after a comprehensive review and revision of its presentational format to incorporate a summary in addition to reformatted detailed statements so as to make it more reader-friendly. The work to introduce enhanced automation of the process of generating CFRA has been taken up.

II F Efforts made to streamline the presentation of the Finance and Appropriation Accounts

Government Accounts Wing is making constant efforts to make the Annual Accounts i.e. Finance and Appropriation Accounts (FA&AA) more effective, readable and user-friendly. In this endeavors, following measures were taken:

- (1) Rearrangement of Statements/ Appendices beginning with the Finance Accounts 2014-15 was carried out to incorporate all the Summary Statements and Summary portion of some of the Summary-cum-detailed statements exclusively in Volume-I to make this volume self-explanatory, self-sufficient and more user-friendly. Volume-II is now more compact and contains two parts viz; Part-I Detailed Statements and Part-II Appendices.
- (2) Vetting of Notes to Accounts (NTAs) was improved to check textual inconsistencies as well as consistencies with the Statements of the Finance Accounts. NTAs were provisionally prepared immediately after finalization of March (Preliminary) accounts and furnished to local Audit office and to GA Wing for initial scrutiny. This has reduced the time for approval of the NTAs by audit wing. In view of the restructuring of the Centrally Sponsored Schemes and Central Plan Schemes by the Planning Commission and switching over w.e.f. 01.04.2014 to 'Treasury mode' of transfers to the implementing agencies instead of through 'Direct transfers', two new disclosures were incorporated in the NTAs from 2014-15 onwards. Details of GoI receipts and expenditure incurred for 66 Umbrella/ Flagship schemes were added as Annexure to Statement 15.
- (3) As interest adjustments in accounts for the Reserve Funds bearing Interest and Deposits bearing interest are not being reflected in the budgets of the most of the States, though prescribed as per the codal provisions, field offices were instructed to take up the matter with the respective Governments. Non-compliance was disclosed through a new paragraph in the NTAs from 2013-14 onwards.
- (4) Instructions were issued in August 2014 for incorporating revised 'Guide to Finance Accounts' to make it more reader-friendly for common readers. More



clarity was brought to the statement headings/ descriptions based on feedback received from the field offices and further clarifications were issued in October 2014.

- (5) 'Guide to Finance accounts' and the Ready Reckoner have been revised once again, in view of the relocation of the Statements across Volumes –I and II of Finance Accounts.

II G Integrated Financial Management System

Integrated Financial Management System (IFMS) is an extension of Treasury Computerization Projects under Central Government's Mission Mode Project (MMP). IFMS encompasses various financial processes/functions of the State Government. The primary goal of the system is to provide a tool for State Government for fiscal management and to link and integrate the Finance Department, DDOs, Treasuries, RBI, Agency Banks, the AG and Gol throughout the State. In the implementation process, the States of Karnataka, Maharashtra, Gujarat, Odisha, Punjab, Meghalaya, West Bengal and Haryana are at advanced stage, while seven States of Rajasthan, Jammu & Kashmir, Andhra Pradesh & Telangana, Kerala, Uttar Pradesh, Mizoram, Tamil Nadu are at intermediate stage of development in their IFMS.

The AsG (A&E) in the States are internal stakeholder in IFMS project and have been working with the Finance and Accounts & Treasury Department in the States in the development of the IFMS. The AsG (A&E) have been working to allow for the integration of the data flow of the IFMS with the VLC application in their States.

II G Date of certification of Annual Accounts of the States for the year 2013-14

Sl. No.	States	Date of certification
1	Andhra Pradesh	29.12.2014
2	Arunachal Pradesh	02.03.2015
3	Assam	19.02.2015
4	Bihar	19.11.2014
5	Chhattisgarh	12.11.2014
6	Gujarat	19.11.2014
7	Haryana	27.10.2014



8	Himachal Pradesh	19.11.2014
9	Jammu & Kashmir	01.10.2014
10	Jharkhand	12.11.2014
11	Karnataka	02.02.2015
12	Kerala	13.01.2015
13	Madhya Pradesh	10.11.2014
14	Maharashtra	10.11.2014
15	Manipur	07.11.2014
16	Meghalaya	15.01.2015
17	Mizoram	27.01.2015
18	Nagaland	05.11.2014
19	Orissa	31.10.2014
20	Punjab	19.11.2014
21	Rajasthan	17.12.2014
22	Sikkim	21.10.2014
23	Tamilnadu	27.11.2014
24	Tripura	25.11.2014
25	Uttar Pradesh	10.11.2014
26	Uttarakhand	21.10.2014
27	West Bengal	25.11.2014

III Treasury Inspections

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

The inspections are carried out at the level of treasury as well as sub treasury. We carried out 98.87 percent of the planned treasury/sub-treasury inspections. State Governments accepted 96.33 percent of the recommendations made by us as detailed below:



Description	No. of inspections planned	No. of inspections carried out	Inspection Reports issued	Recommendations made	Recommendations accepted
Treasury	759	758	752	967	907
Sub Treasury	1719	1692	1175	723	721
Total	2,478	2,450	1,927	1,690	1,628

III A Major Findings of Treasury Inspections during 2014-15

We noticed deviations in compliance from extent financial rules impacting financial management of the States. These deviations included lack of internal control systems and anti-fraud mechanism, delay/ non-submission of Detailed Contingent Bills (AC bills/DC bills), excess/less payment of pensionary benefits, non-mentioning of date of payment of reduced pension on account of authorization of commutation of pension, non-recovery of Quarters' rent, non-review of pension audit register to minimize overpayments of pensionary benefits, re-appropriation of final budget to avoid excess & savings and diversion of funds from Plan and Non-plan, non-obtaining the DDO wise incumbency lists for checking the DDO's pay bills to avoid double payment, non-existence of sound reconciliation system, improper budgeting of Grant-in-Aid transactions, mismatch appearing between pension check register & bank data, overpayment of departmental dues shown in Gratuity Payment Orders, irregular/over payment of social security pension to ineligible persons, non-recovery of TDS from taxable pension arrear, non-availability of balance of certificate of PD/PLA from the Administrator for each financial year, wrong classification of pension, wrong booking of expenditure met from Contingency Fund, excess drawal over allotment of funds, overdrawal of funds from Local Fund Accounts, irregular payments through self cheques by Local Fund Operators, advance drawal of teachers' salary in violation rules, non-lapsing of unclaimed deposit schemes, non-Government officials acting as D.D.Os, balance in Personal Deposit accounts inoperative for more than 3 years not credited to Revenue Accounts, excess stock of stamps not transferred to needy treasuries, obsolete/damaged stamps not disposed off etc.



All such cases were reported to the State Government for necessary corrective action.

IV Our Performance concerning Entitlement Functions

IV A Pension cases finalized

Pension authorization is done by 19 Accounts and Entitlement offices in IA&AD. These offices finalized 4,45,069 pension and revision cases. The average time taken for finalization of a case ranged from 30 days (Andhra Pradesh, Jammu & Kashmir and Meghalaya) to 60 days (Tamil Nadu and Manipur). While there were no delays in processing pension cases in 4 offices, average delays ranged from 1 days to 32 days in the rest of the offices. Bulk receipt of revision cases, late receipt of reply/clarification from departments, heavy inflow of fresh pension cases at the end of year, and late receipt of replies/clarifications from the department were some of the reasons for delays in processing pension cases.

IV B Maintenance of General Provident Fund Accounts

28 A&E offices in Indian Audit & Accounts Department are responsible for maintenance of General Provident Fund Accounts (GPF) of State Government employees. During the year 2014-2015, we maintained 36,95,163 GPF accounts through 22 A&E offices. Accounts slips in respect of 35,10,597 GPF accounts (96.01 percent) were issued in time.

No. of GPF accounts maintained during 2014-15	No. of accounts slips issued in time
36,95,163	35,10,597

V Specific Measures taken to address client grievances/ new initiatives taken

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

V A Andhra Pradesh and Telangana

Challenges faced: Consequent upon State bifurcation, the office convened a series of meetings with both the Governments and pursued with the Governments by providing requisite details. This helped the States in conveying



agreement/concurrence/views on issues relating to apportionment of Assets and Liabilities.

Pension: 23000 pension revision cases of pre-1998 finalized based on the orders of Supreme Court for client satisfaction.

V B Assam

The office conducted a Workshop for DDOs and TOs of Kamrup (Metro) District to improve service delivery to GPF subscribers, pensioners and also assist the Government in their capacity building for good governance and financial management in the Administrative Staff College with the help of GoA.

V C Uttar Pradesh

Fund Wing: The Final Payment Module has been implemented in this office w.e.f. 1st July 2014 and all the Final payment and reconciliation cases are being processed through F.P. Module, thus ensuring correctness, timeliness and quality in disposing final payment cases. This is an important step towards achieving work flow automation.

V D Kerala

Gazetted Entitlement Management System (GEMS): GEMS which takes care of the processing of entitlement benefits of State Gazetted Officers, has been implemented in the office with effect from February 2013. Consequent on the implementation of GEMS , all the advantages of a server based system is being achieved along with the benefit of time savings on account of easy processing of events and also on switching over to the system of feeding of a simple type pre-printed forms for taking multiple types of Pay slips/authorizations.

V E Maharashtra-I

Improved service delivery through Web, IVRS System and SMS: Transparency through IVRS and Web, disseminating information to the subscribers through a protected password is an added feature to services provided to the subscribers. SMS alerts are sent to subscribers on authorization of Final Refund. Online queries are monitored on a regular basis. Subscribers can view their account, missing credits, unposted items and view/download GPF Annual Account Statements through the office website.

Workshops: Workshops/Adalats were conducted in Pune, Mumbai, Satara and Jalgaon in order to impart guidelines to DDOs for submission of correct GPF



schedules and final payment applications to bring down missing credits, unposted items and timely authorization of final payment of GPF balance.

V F Maharashtra-II

Submission of computerized Accounts of Forest Department: On-line receipt of Monthly Accounts of 140 divisions of Forests department has started as a result of initiative taken by this office in co-ordination with State Government.

Pension wing: The office started uploading pension authority details on IFMS, wherein data relating to pension authorities issued by this office viz., PPO/FPPO, GPO, and CPO, are being uploaded on the 'IFMS' [web based package of State Government which provides interface to upload the data for the End-User i.e. State Treasuries]. By uploading the information in electronic format it is ensured that the Treasury Officers in Maharashtra State can easily compare the authenticity of the physical copy of the PPO/FPPO/GPO/CPO received by them with the electronic copy. Further this has helped in reducing the duplication of data-entry-work at Treasury level.

V G Haryana

GPF: Measures taken to eliminate full want/part want and minimize the unposted/missing credit to negligible level; schedules of GPF are received /down loaded in text format from State Govt. database.

Pension: Enhanced DCRG cases on account of revised DA notification released without waiting of cases from the department/request from the pensioners/family pensioners.

V H Uttarakhand

As a new initiative, the work of up-loading of annual review on the working of Treasuries for the year 2014-15 on the website of Accountant General, Uttarakhand is under process and shall be put on the public domain under "Annual Accounts".

V I Karnataka

IFMS: Implementation of Khajane-II system of State Government where AG is an internal stake holder is under process.

SMS facility: SAI package facilitates interaction between the pensioners and this office through SMS facility provided by NIC. On receipt of pension papers in this office a unique number is allotted to each pensioner at indexing stage. The application number generated through the system is forwarded to pensioner for



future correspondence through a “PUSH” message. Facility to know the stage wise details of the pension case is made available to pensioners through a “PULL” message at any given point of time. Similarly, on the finalization of the pension case an SMS message is sent to the pensioner furnishing the date of despatch of authorization.

PRO facility: The services of a pension PRO counter are available to address the grievances of the pensioners. A teller machine is installed for obtaining tokens and contact PRO. This enables the pensioner to get all required information at one place. Also, the work in the sections is not hindered because of frequent visits of the pensioners.

New Initiatives: (1) Integration of three packages in respect of (FoxPro, MECON and AP packages) completed.

(2) Issuance of computer generated authorization for Final withdrawal/Residual payments has commenced from December 2014.

(3) Through HRMS validation it was ensured that GPF recovery during the last six months preceding retirement on superannuation is stopped, thereby reducing number of Residual balances considerably.

V J Tripura

SMS alert system has been introduced to get the status of the pension cases on the Mobile Phone of the pensioners.



Chapter 5

Professional Standards and Quality Management

Auditing Standards of SAI India envisage that the SAI should have an appropriate quality assurance system in place. We are conscious of the significance of Professional Standards and Practices both for Government Auditors and Accountants. These provide guidance to be followed under diverse situations by all the practitioners and to that extent serve as benchmarks for quality control and quality assurance process.

I Government Accounting Standards Advisory Board (GASAB)

The Comptroller and Auditor General of India, with support of Government of India constituted the Government Accounting Standards Advisory Board (GASAB) in August 2002. The mission of GASAB is to formulate and recommend accounting standards with a view to improve Government accounting and financial reporting to enhance public accountability and decision making quality. The new priorities focus on good governance, fiscal prudence, efficiency & transparency in public spending instead of just identifying resources for public scheme funding. GASAB consists of 16 members with high level representation from multi-party stakeholders from Government (Central and State), Professional Accounting Institutes, Reserve Bank of India and Academia.

GASAB has the following responsibilities:

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

GASAB develops two kinds of standards (i) Standards based on cash based accounting system which are called Indian Government Accounting Standards



(IGASs) and become mandatory for application by Union, States and the Union Territories with legislature from the date as notified by the Government; and (ii) Standards based on accrual based accounting system which are called Indian Government Financial Reporting Standards (IGFRSs) and become recommendatory for pilot studies from the date approved by GASAB. These standards which are developed in consultation with stakeholders are forwarded to Ministry of Finance for consideration and notification in accordance with provisions of the Constitution.

IA Accounting Standards notified

The following three IGASs have been notified till March 2015:

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

IB Accounting Standards under consideration of Government

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

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

At the 30th meeting of GASAB on 7 May 2014, issues such as Exposure Draft of IGAS-4: General Purpose Financial Statements of Governments (GPFS of Govt.); Exposure Draft for Template for Pilot Studies; Experience Sharing of Transition from Cash to Accrual Accounting in Department of Posts and Railways; Advisory on Assets Accounting; General Legal issues regarding implementation of Accrual



Accounting in Government; and Review of Roadmap for Transition to Accrual basis of Accounting in Government and Operational Framework for Accrual Accounting were discussed.

GASAB is currently working on various areas including inter alia General Purpose Financial Statement, Leases, Construction Contracts, Advisory on Assets and Liabilities, Study and Implications of ICRA report, Gap Analysis and Study 14 etc. Out of the ongoing works, IGAS 4: General Purpose Financial Statements of Government is now ready for submission to the next Board. During 2015, five meetings of various Task Based Groups with participation of the accounting organizations were held.

II Audit methodology and guidance:

The Professional Practices Group (PPG) has the mandate to prescribe audit procedures & policy for the Indian Audit & Accounts Department and acts as an advisory wing for various technical issues. PPG adopts a consultative approach before prescribing procedure or coming up with a new initiative. PPG also partners with the International community for the development and strengthening of professional standards and practices. The Technical Board on Professional Practices advises the CAG of India on various accounting and auditing policies and procedures. The Technical Board is supported by PPG in its initiatives. In order to attain the aforesaid objectives and to strengthen the professional practices in CAG of India, the PPG during the year 2014-15 has taken the following initiatives:

II A Revision of Performance Auditing Guidelines

The Department has adopted the revised Performance Auditing Guidelines in July 2014. These guidelines are an improvement over the earlier guidelines, and are aligned with the new International Standards for Supreme Audit Institutions (ISSAIs). These guidelines are concise, focused and address the contextual requirements based on the experience of the Department in conducting performance audits in various sectors and governance environments.

The distinguished features of these guidelines are that they:

- underscore a strong conceptual foundation of the principles of Performance Auditing and emphasize the need to organically link the strategic planning at Headquarters to the planning process at field audit level.
- recognize the different audit approaches that can be adopted.



- embed a process oriented approach while providing flexibility to design the audit process to address distinct audit situations.
- articulate stringent documentation requirements throughout the audit process.
- envisage the importance of continuous interaction with the audited entities as a means for balanced reporting.

II B Financial Attest Auditing guidelines for audit of State Government Accounts

The Financial Attest Auditing guidelines for audit of State Government Accounts were approved (March 2015) by the Comptroller and Auditor General of India for implementation in the Department with immediate effect. These are intended to operationalize the Financial Attest Audit Manual, 2009. The guidelines aim to institutionalize Financial Attest auditing within the Department and its conduct in a structured form with the objective of providing an assurance on the State Government Accounts. These envisage the conduct of financial test auditing as ongoing process for the entire year leading ultimately to the certification of the Finance and Appropriation accounts of the State governments and expressing an opinion thereon.

The guidelines are applicable to all officers/officials performing financial attest audit function in IA&AD and to A&E offices to the extent of their role in compilation of State Government Accounts.

II C Guidance Notes:

To ensure consistency in the audit approach across the field offices and to provide guidance relating to audit process, following important guidance notes were issued:

1. Preface to Audit Reports (Union and States)

The guidance note emphasized on uniformity and consistency in the preface to the audit reports of CAG of India. The note described the essential elements-mandate, scope of the report, standards, acknowledgement that must be present in the preface of all the audit reports of the Union and State Governments.

2. Direct Access to Private Sector Records for Audit by CAG– Protocol

The duties and powers of the Comptroller and Auditor General of India (CAG) to directly access and audit the records of the private sector have been under discussion for some time. This issue was examined by the Hon'ble Delhi High court and the Supreme Court of India in the case of access of records of private telecom



companies by the CAG. The Hon'ble Courts recognized that the records of private players entrusted with the responsibility of delivering public goods and services by utilizing the state owned resources should be accessible to the CAG for audit.

The guidance note details the role of CAG in changing audit environment, new protocol, identification of agreements, determination of need to access private sector records, scope of examination, mode of interaction, composition of audit parties and capacity building.

3. Developing Recommendations

The guidance note emphasizes on the significance of recommendations in Performance Audit Reports and provides guidance to Audit Offices in developing appropriate, practical and constructive recommendations.

The note explains the significance, flow, communication, placement and nature of recommendations along with examples for the Do's - desirable features of recommendations and Don'ts - points to be avoided while framing recommendations.

4. Follow Up audit

A guidance note was issued (February 2015) prescribing the steps to be observed for Follow Up audit. It refers to the situation where the auditor examines the corrective actions of the audited entity or any other responsible party, has taken on the basis of the results of previous performance audits. It is an independent activity that increases the value of the audit process by studying the impact of the audit.

III Quality Assurance

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

IIIA Internal Peer Reviews

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



Review". In the year 2014-15, 16 offices due for Peer Review were planned and peer reviewed by the Directors General/Principal Accountants General. The Inspection Wing coordinated these Peer Reviews. Follow-up action on the Peer Review Reports is done by the concerned functional wings.

IIIB Quality Management through Inspections

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

In the year 2012-13, format of the Inspection Reports and checklists/guidelines were revised in respect of both Audit and A&E offices and inspection is now being carried out on these lines. For Audit offices, the reports cover 6 different dimensions, viz., Office Performance, Audit and Audit Methodology, Quality Control, Stakeholders Management, Management and Support Structure and Test Audit Note. For the A&E offices, the reports cover Office Performance, Accounts, Funds, Pension and GE Wings, Training, Stakeholders Management, Support Structure and Test Audit Note and for the Training Institutes, Office Performance, Training, Hostel Facilities, Management and Support Structure.

During the year 2014-15, 33 main offices (A&E-02, Audit-25, Member Audit Board-4 and Training Institutes-2) were inspected by utilizing 319 party days.

Number of Inspections planned	Number of Inspections carried out	Number of Recommendations made	Number of Recommendations implemented	Compliance Percentage
33	33	2,658	1,238	47



Chapter 6

How we manage our resources

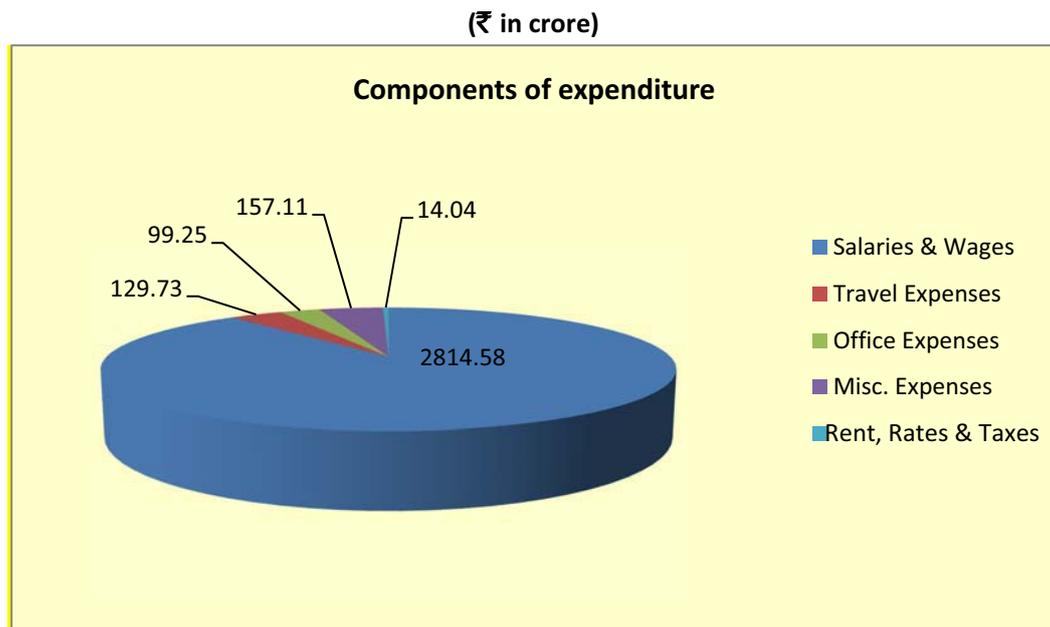
ISSAI 10 prescribes that SAIs should have necessary and reasonable human, material, and monetary resources in order to operate effectively. They should manage their own budget effectively and allocate it appropriately.

I Our Financial Management

We spent ₹3,214.71 crore in 2014–2015. Component wise details of expenditure are given below:

IA Components of Expenditure

We spent 87.55 percent of our resources on 'Salaries' and wages and 4.03 percent on 'Travel'. Thus 91.58 percent of total expenditure was incurred directly on our human resources.



IB Expenditure pattern on functional basis

All expenditure on IAAD, except the expenditure on the Office of the CAG and UN Audit Unit, is 'Voted'. Civil Audit Offices accounted for largest share of expenditure followed by Civil Accounts Offices. Overall we spent about 61.74 percent on Audit (excluding Headquarters). The total expenditure on the Civil Accounts Offices was approximately 33.37 percent.



Categories of offices	Actual Expenditure (₹in crore)	Percentage of Expenditure
Headquarters office	98.15	3.05
Overseas Audit offices	24.66	0.76
Civil Audit Offices	1499.19	46.63
P&T Audit Offices	95.07	2.95
Railway Audit Offices	174.64	5.43
Defence Audit Offices	66.85	2.07
Commercial Audit Offices	124.42	3.87
NAAA Shimla	10.00	0.34
iCISA, NOIDA	8.87	0.28
Regional Training Institutes	23.39	0.73
Department Canteen	12.82	0.40
Civil Accounts offices	1072.87	33.37
UN Audit	3.78	0.12
Total	3214.71	100

I C Allocation of Resources for Audit

Total budget for conducting Audit was ₹1,984.83 crore against combined budgeted revenue and expenditure of Union & State Governments of ₹61,90,097 crore during 2014-15. Expressed as percentage, the expenditure on audit was only 0.032 percent of total of the revenue and expenditure of Union and State Governments for 2014-15. The above

Budgetary allocation for audit on auditing functions

For every one lakh rupees of transactions (revenue and expenditure) budgeted, allocation for audit was a mere ₹32.

figures of expenditure do not include transactions of the Central and State public sector undertakings, autonomous bodies, bodies substantially financed by



government grants, loans and public debt transactions of the Union and State Governments, which are also audited by the CAG.

II How we manage our Human Resources

People are our key assets as we are a knowledge based organization. ISSAI 40 prescribes that the SAI should establish policies and procedures designed to provide it with assurance that it has adequate number of competent and motivated staff to discharge its functions effectively. Some significant developments during 2014-15 included the following:

- Optimal staffing in the field offices continued to be the main focus of the Staff Wing during 2014-15. Requisitions placed with Staff Selection Commission for direct recruitment to the posts of Divisional Accountants, Auditors, Accountants & Data Entry Operators materialized during 2014-15. This resulted in addressing the deficiency in Group 'C' cadre to some extent.
- Consultants were allowed to be appointed on specific requirement basis, so that the working in the field offices is not affected due to shortage of staff, if any.

III Our People

Our manpower is broadly classified into four categories:

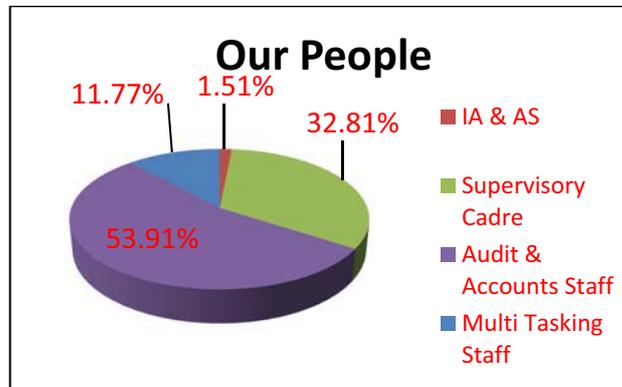
Category	Numbers
IAAS	711@
Supervisory Cadre	15,425
Audit & Accounts Staff	25,344
Multi-Tasking Staff	5,535
Total	47,015

@ Besides these 711 IAAS officers working in the Department, there are 78 IAAS officers on deputation as on 1.3.2015.

In IAAD, 34.32 percent people are at different managerial and supervisory levels and 53.91 percent constitute audit and accounts staff. Only 11.77 percent (MTS) of the total strength provide support function. As against sanctioned strength of



68,424 only 68.71 percent staff is presently working in the Department. We recruited 1,128 persons in the category of Audit & Accounts Staff during the year. This helped in mitigating the deficiency to some extent.



Indian Audit & Accounts Service (IAAS) Officers are recruited through Union Public Service Commission. The top, senior and middle management level of IAAD are manned by officers from this service. They constitute what is called the Group A service in Government of India.

Supervisory Cadres- The gazetted supervisory cadre (Group B-gazetted) consists of Senior Audit/Accounts Officers, Audit/Accounts Officers and Assistant Audit/Accounts Officers. They form the critical operational management in our hierarchy. Assistant Audit /Accounts Officers are promoted to the cadre after passing all India departmental examinations popularly known as Subordinate Audit/Accounts Services Examination.

Audit & Accounts Staff- Data Entry Operators (DEOs), Clerks, Auditors/Accountants and Senior Auditors/ Senior Accountants form this cadre and constitute 53.91 percent of our total manpower. They are recruited by the Staff Selection Commission or promoted from feeder cadre.

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

IV Qualifications

Our officers and staff in Group 'B' & 'C' cadres are well qualified. We have 89 doctorates, 1,780 professionally qualified personnel, 4,873 post graduates and 27,830 graduates in these cadres.



The IAAS consists of 16 doctorates, 240 professionally qualified⁴ officers, 305 post graduates and 150 graduates.

V Recruitments

We recruited 1,153 persons in 2014-15. The largest number of recruitments (1,128) took place in the Audit and Accounts staff category.

VI Gender Balance

The adjacent table shows the gender profile of the Department in different cadres. The proportion of women is highest in the IAAS.

Category	Women	Men	Percentage of Women in Total
IA & AS	171	540	24.05
Supervisory Cadre & Audit/Accounts Staff	7,105	33,680	17.42
Multi-Tasking Staff	767	4,752	13.90
Total	8,043	38,972	17.10

VII Staff Associations

We have 229 staff associations and 5 All India Federations representing audit and accounts staff and supervisory cadres. State level meetings were held by the PAsG/AsG with the concerned field level Service Associations.

VIII Publications

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

Journal of Government Audit and Accounts has been revived, reinvented and rechristened in the form of e- journal. The journal intends to serve as an internal communication channel disseminating best practices, major happenings in the Department as well as in international arena in the related fields. The journal highlights new policy initiatives and news from the international desk. First Edition of the journal was released in November 2013.

⁴Engineers, Doctors, MBA, CA, ICWA, CFE, CIA, CISA etc.



The second issue of Journal of Government Audit and Accounts was uploaded on the website in January 2015. The issue brought the highlights of the Accountants General Conference held in October 2014, articles and other standing features. An article on analysis of inter-se share of tax devolution as determined by 13th Finance Commission was attempted for a better appreciation of the working of the tax devolution model used by the Finance Commission and in identifying aspects of the model that can be improved upon. This analysis of the horizontal devolution was done through use of Visual Analytics tools (QlikView and Tableau); the e-version of the journal makes available the data visualization in an interactive mode and the reader can explore additional details of tax devolution.

XV How we use Information Technology?

Information Systems (IS) Wing acts as a facilitator for computerization of various activities identified by various functional wings and for use of stakeholders. It is responsible for formulation of policies, preparation of plans, issuing guidelines, budgeting, allocation of funds, monitoring of various activities and taking mid-term corrective action on various computerization initiatives in the department. It is also maintaining the CAG Website. Other initiatives include implementation of e-payment in PAOs of IAAD and implementation of CompDDO package in all the DDOs of IAAD.

1. A decision was taken to implement the Computerized Accounting (COMPACT) software for computerizing the accounting functions of all the PAOs of the department. The application has been successfully implemented in all 30 PAO from 1.4.2013 and had started uploading monthly data to e-lekha, which is used by Pr. PAO to consolidate monthly accounts.
2. E-payment has been successfully implemented in the department.
3. NIC has developed an application CompDDO for computerizing DDO functions. The package contains all requirements of DDO and also has facility to integrate with COMPACT thereby facilitating implementation of e-payment. DAI has approved implementation of the project in all DDOs of IAAD (about 180) in three phases. Phase-I covering 46 DDOs has been implemented.
4. Project for development of GE software for Kerala was implemented. The GE package is being customized in Karnataka and Tamil Nadu and is being studied in other States for implementation.



5. Mail services have been migrated successfully to NIC mail Server. Services of Internet and E mail were provided to all IAAS officers uninterruptedly during this period. Problems in individual cases, if any, were attended to immediately as and when they were reported.
6. All the hardware and software requirements of field offices were met within the financial constraints of budget available.
7. Licenses of latest version of IDEA software have been provided to the field offices as a data extraction and analysis tool in our Department. Training of trainers on IDEA 9.2 software has also been imparted.
8. Video Conferencing is being successfully carried out in the department using a technology called Vidyo over the public internet. Necessary guidance and equipments are being provided to the field offices. 54 VCs were conducted during the year.
9. Development of new website with better presentation and search facility is in an advanced stage.

XVI Our efforts to promote Rajbhasha

XVI A Publications

We published five issues of quarterly magazine of Rajbhasha, "Lekha Pariksha Prakash" during the year from the headquarters' office. Field offices are also regularly publishing the Hindi Magazines to promote Hindi as an official language.

XVI B Hindi Programmes

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

(b) Hindi Pakhwada was celebrated from 15-09-2014 to 30-09-2014 in Headquarters' Office. Many competitions were organized to promote use of Hindi in day to day functioning of the office. Hindi Pakhwada was also celebrated in field offices and various competitions were organized.

(c) Office of the Comptroller & Auditor General of India received first prize from the President of India, Shri Pranab Mukherjee for implementation of Rajbhasha Policy in the category of Indira Gandhi Rajbhasha Awards for Ministries/Departments during the year 2014-15.



(d) The target of inspection of our field formations fixed by the Rajbhasha Vibhag, Government of India, Ministry of Home Affairs was achieved.

(e) Parliamentary Rajbhasha Committee inspected one field office under supervision of headquarters office. Besides this, Parliamentary Rajbhasha Committee discussed progress of Rajbhasha in our Posts & Telecommunication field office at Kapurthala.

XVI C Translation work

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

(a) All the resolutions, general orders, rules, notifications, administrative or other reports or press communiqués;

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

XVII Infrastructure Development

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

The following projects have been completed:

1. Ahmedabad– 2 Residential Quarters of Type-VI and 8 Residential Quarters of Type-V quarters and one guest house
2. Dehradun-Guest House
3. Port Blair-20 Residential Quarters
4. Puri-Branch Office
5. Patna – 8 Residential Quarters of Type- V

Besides above completed projects, following projects are under construction:

1. Dehradun-AG office building
2. Itanagar-AG office building
3. Lucknow-AG office building
4. Kohima-104 Residential quarters
5. Patna-24 Residential quarters of Type –III and 32 Residential Quarters of Type IV
6. Shillong- Administrative cum Academic Block of RTI, Shillong
7. Shillong-Transit Accommodation



Chapter 7

Capacity Building in IAAD

1. Introduction

The institution of the CAG of India has an onerous responsibility to fulfil its Constitutional mandate. To discharge this task in full measure in an ever changing environment is very challenging, and it is with this commitment to promoting good governance and accountability through public audit, that the IAAD strives to constantly upgrade its professional skills and acumen by means of its robust training capacity that cuts across Group A, B & C personnel.

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

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

2. Capacity Building in IAAD

One of the important themes presented for discussion at the 27th Biennial conference of Accountants General held in October 2014 was "Capacity Building in IAAD". Discussion concentrated on strengthening capacity of the Department to undertake new responsibilities and meet the challenges posed by SAI India's global role. Capacity building involves intensive training and knowledge sharing, and is the responsibility of the Training Wing at SAI India. The Training wing functions under the DAI assisted by the Director General, a Sr. Admin Officer, Admin officer, two Asst. Admin officers and efficient support staff. The objectives of Capacity building are

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

3. Training Institutes of IAAD

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



- i) **National Academy of Audit and Accounts, Shimla:** The National Academy of Audit and Accounts (NAAA) is the apex training institute of the IAAD. It has trained hundreds of Officer Trainees of the IAAS over the years, with the objective of shaping them into highly professional and competent officers. IAAS officers are required to acquire and possess the professional



skills of an accountant and auditor in addition to administrative competence to manage the staff of the IAAD which has a strength of nearly 47,000 personnel. The institute also offers mid-career and in-service training to officers.

Since its inception, more than 60 batches of IAAS officers have received comprehensive and holistic training at the Academy, and have carried out their responsibility towards assisting the CAG of India in discharging his constitutional and statutory duties. Incidentally, it is not only officers of the IAAS who have flourished under the expert and proficient framework of the Academy, but also officers from other services like the Indian Railway Accounts Service (1950s) and the Indian Civil Accounts Service (1984-92) who were trained here along with the IAAS probationers. The Academy has also extended its academic and professional training expertise to officers from foreign countries such as Nepal, Bhutan and Oman.



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



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

The residential induction training at the Academy lasting 94 weeks commences around mid-December every year and is organized in a sandwich pattern: Phase-I training of 54 weeks, followed by On-the-Job Training (OJT) of 34 weeks, in both Audit Offices, and Accounts & Entitlement (A&E) offices across the country, followed by Phase-II training at the Academy for 6 weeks. During Phase I, the OTs are imparted training and prepared for the two sets of Departmental Examinations. They also have training attachments at institutions of repute to expose them to a higher level of thinking beyond technical inputs in class room sessions. The training also includes a trek and a Study Tour. During Phase II, the focus is on sharing of experiences gained during OJT and reinforcing of the technical skills to equip the young officers for the responsibilities that will be assigned to them at the end of this phase, and to prepare them to function as Branch officers with independent charge. The methodology in this phase consists primarily of case studies, interactive classroom sessions with senior officers from within and outside IAAD and presentation of Strategy and Syndicate Papers. In order to expose the trainees to international best practices and standards, they also have a one week



Overseas Attachment, which in 2014 was with the National Audit Office, London. During this attachment, they were given exposure to challenges faced by Public Sector auditors in an ever-changing environment, risk-based audit approach adopted by NAO, identification of internal controls and its impact on substantive testing, quality assurance in audit process, etc.

- ii. **International Centre for Information Systems and Audit (iCISA):** The International Centre for Information Systems and Audit (iCISA) at NOIDA, was established in March 2002; and became an independent office in April 2006. iCISA is mandated to impart quality training to Indian Audit & Accounts Department officers. In addition, the Centre trains senior officers from various services viz., Indian Administrative Service, Indian Forest Service, Armed Forces, Parliament Secretariat and Central Autonomous bodies, as well as other SAIs.

iCISA is a 'centre for excellence' for audit of information systems, that are being implemented across the country, as part of the e-Governance initiatives of the Central and State governments. iCISA has been the hub of capacity building in the area of Information technology and e-Governance. The Centre has provided a platform for the introduction and implementation of new data analytics tools in the department, the latest being QLIKVIEW and TABLEAU. iCISA has organized training programmes on Auditing in ERP environment i.e., SAP, ORACLE financials. Over the last five years, more than 2500 national and international audit professionals have been trained for auditing in different IT platforms, tools and environments. The Centre also houses the INTOSAI Collaboration Tool that provides a platform for collaboration amongst SAIs globally.

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

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



- To promote bilateral co-operation between the Government of India, which funds these training programmes, and other Government
- To provide a platform at the International level for various SAIs to come together and share their ideas and experiences in various fields of audit
- To provide an opportunity to participants from different SAIs to get an exposure to contemporary best practices in audit and focus on emerging audit concerns.

Senior and middle level officers from Supreme Audit Institutions (SAIs) and officers of Governments of countries like Africa, Central Asia, South East Asia, Far East, Middle East, Pacific and East European region have participated in these international programmes.

Under the ITPs conducted by SAI India, 3,954 senior and middle officers representing 136 governments from across the world have been trained. Recently, participants of the 121 ITP took part in the celebration of the 50th year of the ITEC.

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

iCISA also imparts training for preparation of departmental UN audit teams. The Centre has provided infrastructure for remote access auditing to 8 teams auditing UN Peace keeping Operations in early 2015.

In an innovative initiative, iCISA organized a one day workshop for the Hon'ble Members of Legislative Assembly of Uttarakhand on issues of budget formulation and audit.

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

The International Centre for Environmental Audit & Sustainable Development (iCED) at Jaipur was





established in May 2013. The building was conceived as a green building and aims to achieve Green Rating for Integrated Habitat Assessment (GRIHA). Creation of iCED is an expression of awakening to the reality of conservation of environment and its role in this reality; being ready for the challenge; and emerging as a leader in the INTOSAI community in the field of environment audit and audit of sustainable development. iCED has been recognized as the Global Training Facility (GTF) of the INTOSAI on Environment Audit. The first GTF training was held in November 2013. The training schedule and contents was prepared by experts in the area from SAIs USA, Estonia, Brazil, Norway, Finland and of course, India; and the training was imparted at Jaipur by these experts. iCED has conducted one International Training programme for 21 participants from 13 SAIs and one bilateral programme for 25 participants from SAI Oman during 2014-15.

In addition iCED also conducts in-service training programmes for officers in the field of Environment Audit.

iCED provides handholding sessions for conducting environment audits wherein it assists audit teams in selection of criteria, identifying audit objectives identifying sources of data and participating while establishing criteria-condition-cause-conclusion-recommendation trail to ensure that the reports are comprehensive and reflect the big picture. iCED through its institutional partnerships has brought together expertise from various fields to facilitate an inter-disciplinary approach in auditing.

iv. Regional Training Institutes/Centres:

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

The strategic priorities of RTIs/ RTCs include training of Group B and C staff and sharing of knowledge and experience to enable the officers, access best practices in their field. RTIs/RTCs also conduct 7 months training for DRAAOs. This includes 3 months of induction training, 1 month on the job



training in their respective field offices and 3 months preparatory training for the Section Officers' Grade Examination.

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

4. Training Methodology and Processes:

i. **Central Training Advisory Committee (CTAC)** annually reviews all training activities and programmes in the Department to ensure an integrated approach to training. The training calendars of the NAAA, iCISA and iCED are reviewed in-depth to ensure focus, quality and relevance. CTAC also oversees the work of Regional Advisory Committees of the Regional Training Institutes.

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

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

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

- serve as a guide for the trainer



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

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

STMs are designed based on assessment of:

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

Training wing has initiated updation of the STMs during 2014-15. All the STMs are in the process of being updated by the RTIs/RTCs. These are being peer reviewed by IAAS officers with domain knowledge in the particular area before hosting on the CAG website.

5. Strengthening IAAD's Regional Training Capability: Medium Term Plan.

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

The infrastructure at all RTIs and RTCs is being upgraded in a phased manner. The upgradation programme involves modernizing the existing infrastructure and creation of new infrastructure, mainly training halls, EDP labs, hostels, administrative block etc.

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

Under this programme RTIs Jammu and Shillong were prioritized during 2014-15. Civil works sanctioned for upgradation of infrastructural facilities in these two RTIs are under progress and expected to be completed during 2015-16. All goals set in the medium term road map for qualitative improvements on adoption of best practices relating to training need analysis, streamlining and standardization of procedures, faculty resources,



impact assessment, structured training modules, etc., have been implemented. All RTIs/RTCs will gradually be equipped with top quality infrastructure and updated teaching equipments.

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

The following career milestone programmes for the year 2014 have been successfully completed, and were well appreciated by participants:

- Executive Development Programme for IAAS Officers with 6-8 years of service at Indian Institute of Management, Ahmedabad.
 - Program objective is to enhance understanding of public policy and finance issues, strengthen analytical tools and management acumen.
 - 30 officers received training under Executive Development Programme during 2014-15.
- Management Development Programme for IAAS Officers with 15-16 years of service at Richard and Rhoda Goldman School of Public Policy, University of California, Berkeley.
 - Program objective is to widen exposure and technical inputs - strengthen analytical tools, management acumen, and interpersonal skills.
 - 23 officers received training under Management Development Programme during 2014-15.
- Advanced Management Development Programme for IAAS Officers with 25 – 28 years of service at Aresty Institute of Executive Education, The Wharton School and University of Pennsylvania.
 - Program objective is to widen exposure to multi-dimensional issues faced by senior managers including policy development, performance management, organizational design, negotiation, leadership.
 - 15 officers received training under Advanced Management Development Programme during 2014-15.

7. E – Learning

E-learning is the use of electronic media, educational technology and information and communication technologies (ICT) in education.



Benefits of e-learning:

- Cost effective and saves time
- Learning anytime, anywhere
- Discreet
- Larger participation

It is proposed to introduce e-learning modules in areas of public finance, public administration etc., for use across the department. Training wing has initiated preparation of the Department's first pilot e-learning module on "The Comptroller & Auditor General's (Duties, Powers and Conditions of Service) Act, 1971", completely in-house.

Initially, non-interactive e-learning modules are proposed to be developed. Content developing including question banks for assessment for seven simple pilot modules has been assigned to the RTIs/RTCs for use across the department for fresh recruits. Digitization would be done centrally by Training Wing.

8. Conducting of Additional Training Programmes for Auditing in a digital Environment

A three pronged capacity building strategy for auditing in a digital environment has been finalized and being implemented;

- i. Scaling up of courses for auditing in an IT environment in RTIs for Civil Audit offices, from 53 courses in 2014-15 to 80 planned in 2015-16 and to be further scaled up to 100 courses annually.
- ii. Organized training courses for auditing in an ERP environment in collaboration with stakeholders
- iii. Due to diversity in the nature of ERP applications being used by the stakeholders of Defence, Railways, P&T etc., all functional wings have been intimated that customized training arrangements for audit in an IT Environment for their respective field offices may be conducted in conjunction with the stakeholders.

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



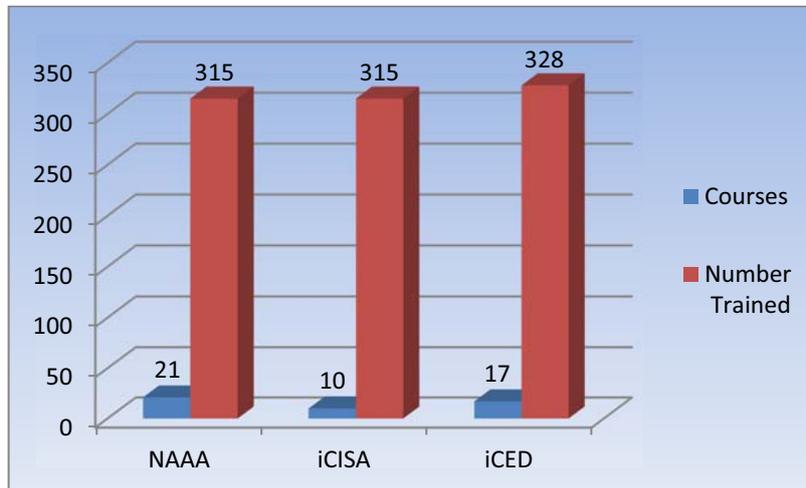
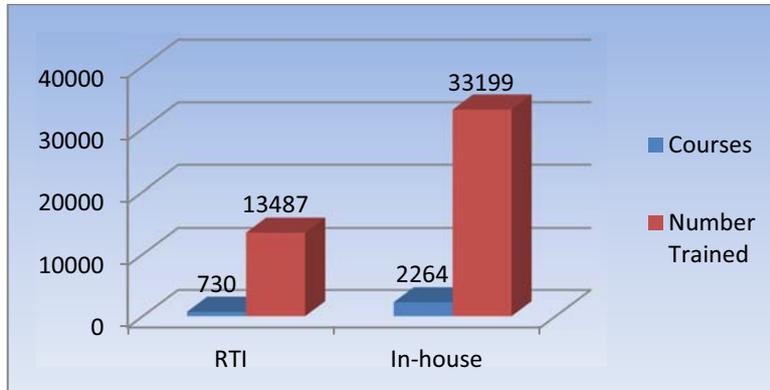
Sl. No.	Name of RTIs/RTCs	Area of specialization
1.	RTI Allahabad	Government Budget Government Accounts including GASAB
2.	RTI Chennai	Financial Attest Audit of Government accounts i. Audit of Public Private Partnership in Infrastructure Projects ii. Audit of Autonomous Bodies
3.	RTI Jammu	i. Defence Audit ii. Audit of Regulatory Bodies
4.	RTI Jaipur	i. Social Sector Audit ii. Performance Audit iii. SPVs and Trusts/Societies implementing beneficiary oriented schemes
5.	RTI Kolkata	i. Rural Local Bodies Audit ii. Railway Audit iii. Compliance Audit
6.	RTI Mumbai	i. Corporate Governance ii. Corporate Finance iii. Commercial Audit iv. Financial Reporting (IPSAS)
7.	RTI Nagpur	i. Audit of Fraud, Fraud Detection Techniques and Forensic Audit ii. Central Revenue Audit including Transfer Pricing
8.	RTI Ranchi	i. State Revenues Audit ii. Public Works Audit
9.	RTI Shillong	i. Certification Audit of Autonomous District Councils as per Financial Attest Audit Manual ii. Audit Quality Management Framework (AQMF)
10.	RTC Bangalore	i. Information Technology ii. Information Technology Audit
11.	RTC New Delhi	i. Public Debt ii. Public Procurement
12.	RTC Hyderabad	i. Social Audit ii. Urban Local Bodies Audit

10. Training Activities

- a) During 2014-15, NAAA conducted 21 courses and trained 315 IA&AS officers. iCISA conducted 10 courses and trained 315 officers and iCED conducted 17 courses and trained 328 officers. RTIs/RTCs conducted 730 courses and trained 13,487 officers. In-house training centres in 141 Offices



(133 main offices and 8 branch offices) conducted 2,264 courses and trained 33,199 officers.



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

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



- c) “Induction Training” for Officials of Department of Treasuries and Accounts of Government of Nagaland and Government of Manipur was conducted through RTI Shillong
- d) Some of the significant developments vis a vis the milestones incorporated in the Medium Term Plan are;
- revision of honorarium payable to guest faculty at RTIs/ RTCs,
 - appointment of consultants for RTIs to fill the shortages in core faculty,
 - updation of 18 STMs, omit figures
 - incorporation of database of Knowledge Resource persons on the website of each RTI/RTC.

11. Publications

- a) NAAA Shimla has pioneered preparation of text books for the officer trainees. The following books have been prepared on the basis of the new syllabi revised by Training wing;

Departmental Examination-I

1. Public Expenditure, Revenue and Resource Management
2. Public Finance (with introductory Economics)
3. Essays on Principles of Public Sector Auditing

Departmental Examination-II

1. Cost and Management Accounts
 2. Public Sector Financial Reporting
 3. Private Sector Financial Reporting
 4. Financial Auditing
- b) iCED has compiled an e-journal “Green Files” by combining inputs from various Environmental audit reports which has been greatly appreciated in IA&AD and outside.
- c) Research papers and Cases Studies have been published by Regional Training Institutes.



Chapter 8

Seminars and Events

Mission of SAI India is to promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to stakeholders i.e. the Legislature, the Executive and the Public, that public funds are being used efficiently and for the intended purposes. This necessitates knowledge of environment in which audited entity is operating. Auditor has to engage with audited entities continuously. In order to meet this requirement we organize Seminars, Conferences and Workshops to facilitate knowledge sharing.

Indian Audit and Accounts Department (IAAD) constantly strives to discharge its professional duties, both as an auditor and an accountant, in accordance with international best practices. Auditors are seen as partners in upgrading governance and audit reports serve as an aid to the Government. In the public domain there is an increasing awareness and demand for transparency and accountability in public sector service delivery. The Comptroller and Auditor General is the agency mandated to keep a watch on economic, efficient and effective governance. The foundation of sound governance with accountability rests on a system of robust public financial reporting.

The environment in which audited entities, and consequently audit, functions is very dynamic, both in terms of structure and methods of implementation of public policy as well as in the practice of audit and accounting. In order to keep pace with this dynamic environment it is important that the IAAD keep reinventing and rejuvenating itself. A regular internal and external consultative process facilitates this effort to adapt and upgrade professional practices, structures and methods of functioning. With this in mind, the IAAD regularly organizes seminars, conferences and workshops.

Conferences and workshops organized during the year 2014-15 are discussed below:

XXVII Accountants General Conference held during October 27-29, 2014

The Accountants General Conference, a biennial event, is a forum for senior functionaries of the Indian Audit & Accounts Department to deliberate on key strategic issues relating to governance and public accountability and the contributions that we can make. It also provides us an important opportunity to



share our experiences and discuss the whole gamut of audit practices to further hone our professional skills and emerge stronger to rededicate ourselves to the task of ensuring good governance and transparency.



The twenty seventh Accountants General Conference was held in October 2014. The Conference was inaugurated by the President of India, Shri Pranab Mukherjee. The Speaker, Lok Sabha and the Chairman, Public Accounts Committee also graced the occasion with their presence.

In his inaugural address, the President stated that Audit was means to an end rather than an end in itself. While audit findings are a barometer of good governance, their utility is manifested only when all the stakeholders, particularly the Executive, Legislature and citizens believe in the credibility of these findings and use them for enhancing the quality of governance. This casts a great responsibility on the public auditor to conduct audit professionally with utmost diligence and independence, and to report in a fair and balanced manner. Both the public auditor and the audited entity have to recognize that the objective of audit is ultimately to improve the implementation of governance strategies. Towards this end, audit should be considered a tool for improvement in governance.



He said that there is no static finality about the scope and objective of public audit. They are shaped by societal concerns which find expression through legislative enactments and judicial pronouncements.

He added that the right of CAG to carry out performance audits of government entities and to verify underlying transactions of even private concerns to provide assurance about the State receiving its legitimate share of revenues arising out of the use of public resources is now well established. This paradigm shift in audit mandate of CAG encourages development of appropriate policies and procedures to govern audit process.

He further stated that as watchdogs of national public finances, the institution of CAG has a positive and pre-eminent role in accelerating national development.

Smt. Sumitra Mahajan, Speaker, Lok Sabha, noted that the reports of the CAG are a source of great empowerment for the citizens and provide valuable information and feedback to the various stakeholders including the policy makers. Citizens can use this report to question their representatives and hold the public servants to account. She stated that to encourage reform and innovation, the CAG's reports should also highlight the best practices and notable achievements of an



organization. There is a need for audit to adopt a balanced approach so that while highlighting noncompliance, innovations and initiative is not discouraged.

She observed that it was indeed a matter of pride for the nation that the office of the Comptroller and Auditor General of India was functioning vibrantly and that the independence accorded to this auditing authority speaks volumes about the health of our democracy. In the course of its evolution, the Indian Audit & Accounts Department has imbibed global best practices in enhancing its standard of work and has also in recent years been extending its functions to new frontiers like Information Technology, Social and Environment Audits, etc. As a result, the CAG is playing a prominent role in conducting the audit of International Organizations as well. It is matter of pride that the CAG of India has been elected as a Member of the United Nations Board of Auditors and has been entrusted with the audit of important UN agencies including the UN Headquarters.

Shri K.V. Thomas, Chairman, Public Accounts Committee, stated that CAG's audit is a powerful tool to promote good governance by strengthening accountability and protecting the core values of public administration. By helping the Parliament to hold the executive and public servants accountable, the institution of the CAG plays a pivotal role in parliamentary financial control.

The overarching theme of this Conference was "Promoting Good Governance and Accountability through Public Audit". The following sub themes that were deliberated upon are:

- Emerging Areas of Audit
- Measuring the impact of Audit
- Capacity Building in Indian Audit & Accounts Department, and
- Challenges for Accounts & Entitlement offices.

All the DsG/PDs posted in the Department were divided into four groups to discuss the above mentioned sub themes.

Apart from discussions on the above mentioned four sub-themes, a panel discussion on "Reporting in Public Interest: Value and Impact of CAG's Audits" was also held at the XXVII Accountants General Conference 2014. External panelists were Shri K. M. Chandrasekhar, former Cabinet Secretary & Chairperson for the Panel Discussion, Shri Subrat Das, Executive Director, Centre for Budget and Governance Accountability (CBGA), New Delhi, Shri H.K. Dua, journalist, diplomat, and nominated member of the Rajya Sabha, Shri Anand



Mahindra, Chairman and Managing Director of Mahindra Group and Dr. Bibek Debroy, economist and member of Niti Aayog.

Workshop on 'Transfer Pricing – Perspective, Issues and Way forward (Direct Taxes)'

The Office of the Comptroller and Auditor General of India organized a one day Workshop on 'Transfer Pricing – Perspective, Issues and Way forward (Direct Taxes)' on April 21, 2014 as a capacity building initiative.

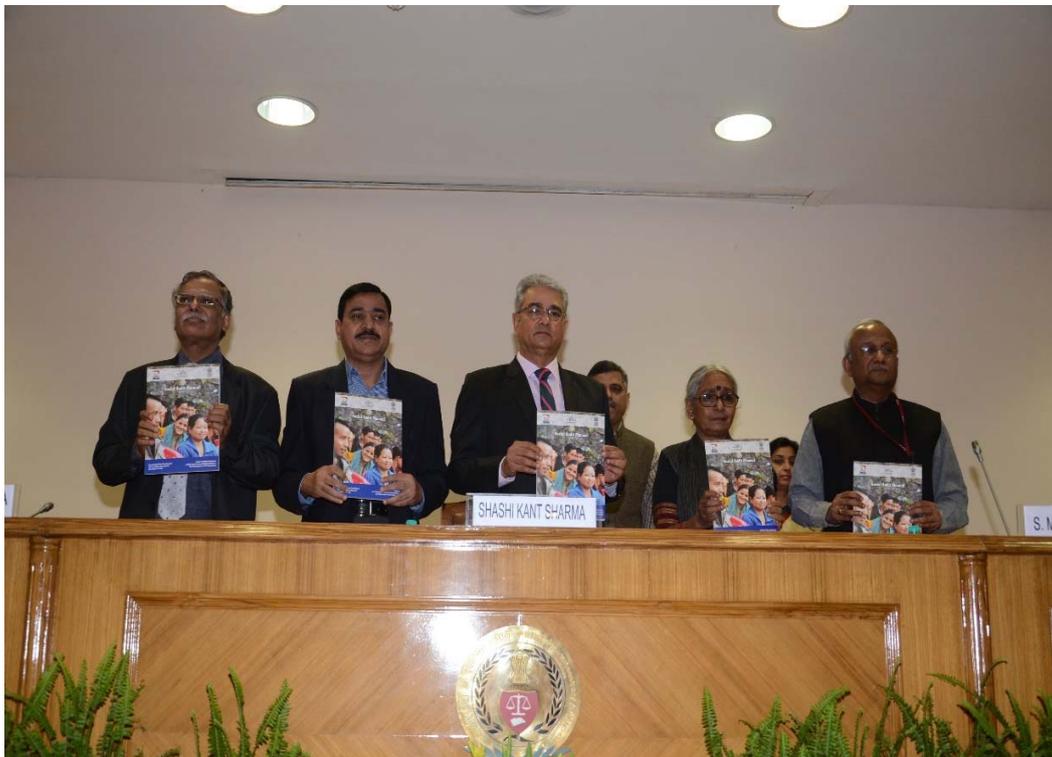


The Workshop was inaugurated by Shri Shashi Kant Sharma, Comptroller and Auditor General of India. Distinguished guests included Dr. Parthasarthy Shome, Advisor to Finance Minister, Shri R K Tiwary, Chairman CBDT, Shri Shyamal Mukherjee, Price Waterhouse Coopers, Shri Rohan Shah, Economics Laws Practice, Shri Vijay Iyer, Ernst & Young and Shri Ganpati Bhat, DIT (Transfer Pricing)-I, Delhi. The Seminar was attended by the Senior Management, officers engaged in receipt audit of the Office of the Comptroller and Auditor General of India and Officers of CBDT and CBEC. This Workshop marked the culmination of the series of capacity building measures in the area of transfer pricing undertaken in the past and enhancing the understanding of the officers and for providing greater exposure.



Workshop on 'Social Audit'

In exercise of the powers conferred under Section 24 (1) of the Mahatama Gandhi National Rural Employment Guarantee Act, 2005, and in consultation with the CAG, the Ministry of Rural Development had notified Audit of Scheme Rules 2011 on June 30, 2011. The National Resource Group on Transparency and Accountability had made several recommendations about the role of the CAG in Social Audit. In order to review the work done and to facilitate wider effectiveness of Social Audit, the Ministry of Rural Development and the Office of the Comptroller and Auditor General of India and jointly organized a one day Workshop on 'Social Audit' on March 10, 2015. The workshop was inaugurated by Shri Shashi Kant Sharma, the CAG of India, renowned social activist Dr. (Mrs.) Aruna Roy, Shri S.M. Vijayanand, Secretary, Department of Panchayati Raj, and Shri J.K. Mohapatra, the Secretary, Department of Rural Development. It was attended by senior officers from both the Departments, Rural Development Departments of State governments, State Accountant General offices and NGOs. A 'Social Audit Manual' prepared by the Ministry in consultation with the office of the CAG was released on this occasion.





Chapter 9

Our Interaction with Key Stakeholders

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

Communication with our stakeholders is a continuous and dynamic process. Our interaction with our clients and stakeholders helps us in understanding the expectations that the stakeholders have from SAI India and gives meaning to the assurance and accountability work that we do. We have a documented communication policy that guides our interactions with external stakeholders.

I CAG's Audit Advisory Board

An Audit Advisory Board is set up under the Chairmanship of the CAG to advise him in matters relating to audit and suggest improvements in the performance and focus of audit within the framework of the constitutional and statutory mandate of the CAG. It is one of the key instruments employed to enhance leadership and direction in IAAD and thereby improve audit quality. The members of the Board function in an honorary capacity. The Board consists of eminent persons in diverse fields, Deputy Comptroller and Auditors General and Additional Deputy Comptroller and Auditors General from the Department. The first Audit Advisory Board was constituted in 1999. Since then the Board had been reconstituted six times (2001, 2003, 2006, 2009, 2011 and 2013). Term of the seventh Board is up to July 2015.

The Audit Advisory Board met twice during the year 2014-15, on October 1, 2014 and March 18, 2015. The Board deliberated upon the issues relating to Audit Plan 2015-16, opportunities and challenges for public auditors on account of increasing exposure to 'Big Data' and major performance appraisals taken up by Audit.

II State Audit Advisory Boards

On similar lines, Audit Advisory Boards have been constituted in the States under the chairmanship of the Pr. Accountant General/Accountant General. Other Accountants General in the states are ex-officio members of the Board. External members are nominated from amongst eminent academicians, professionals and



retired Civil Servants. Objective of the State Audit Advisory Boards is to enhance the effectiveness of audits including audit reports by providing a forum for professional discussion between the senior management of audit offices and knowledgeable and experienced professionals from varied fields.

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

III Interaction with audited Entities

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

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

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

IV Interaction with Public Accounts Committee and Committee on Public Undertakings

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



In 2014-15, the Central PAC/COPU held 43 meetings and discussed 26 Paras/ Performance Audit Reviews as summarized below:

Name of Wing	No. of Meetings of PAC/COPU held during the year 2014-15	No. of Paras/ Performance Audit Reviews discussed during the year 2014-15
Commercial	9	6
Def. & Communication	3	2
Railway	7	3
Report Central/AB	18	13
RA-INDT (Customs)	2	1
CRA(CE/ST)	2	0
CRA(DT)	2	1
Total	43	26

The State PACs/COPU met on 710 occasions during the year 2014-15 and discussed 1629 Paras/Performance Audit Reviews as summarized below:

Name of Wing	No. of Meetings of PAC/COPU held during the year 2014-15	No. of Paras/Performance Audit Reviews discussed during the year 2014-15
Central Region	197	308
Eastern Region	49	101
Northern Region	197	271
North Eastern Region	78	494
Western Region	75	139
Southern Region	114	316
Total	710	1629



V Interaction with academic and professional institutions

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

VI Interaction with Media

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

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

Such interaction is intended to disseminate information about the Department, the Audit Reports and to issue clarifications, if any, needed by our stakeholders or to remove distortions or misrepresentation of facts by any external agency.



Chapter 10

Our International Participation and Contribution

The SAI India is a key player and a major contributor to development of auditing standards and practices in the international community. The International Relations Division at Headquarters is responsible for interaction with International bodies as well as audit of international organizations as indicated below:

- A. International Organization of Supreme Audit Institutions (INTOSAI)
- B. Asian Organization of Supreme Audit Institutions (ASOSAI)
- C. Global Working Group (now Global Audit Leadership Forum)& other international multilateral bodies
- D. Bilateral relations with other SAIs
- E. Audits of International Organizations

A. INTOSAI

The International Organization of Supreme Audit Institutions (INTOSAI) operates as an umbrella organization for the external government audit community. INTOSAI is an autonomous, independent and non-political organization. It is a non-governmental organization with special consultative status with the Economic and Social Council (ECOSOC) of the United Nations. At present, INTOSAI has 192 SAIs as its members. Besides, it has 5 Associate members including the World Bank.

INTOSAI has four main Committees which are the vehicles for the achievement of its four strategic goals. These Committees are;

1. Professional Standards Committee (PSC)
2. Capacity Building Committee (CBC)
3. Knowledge Sharing and Knowledge Services Committee (KSC)
4. Finance and Administrative Committee (FAC)

Our involvement with INTOSAI

Our involvement with INTOSAI is at following levels:

- The Comptroller and Auditor General of India is the chair of INTOSAI Committee on Knowledge Sharing and Knowledge Services – Goal 3 (KSC) and its Steering Committee. Nine Working Groups and one Task Force works under the umbrella of KSC. The Working Groups/Task Forces are devoted to preparing guidance and best practices on audit of specialized areas. The KSC main committee today has 104 members and three observers. We also maintain the website of Knowledge Sharing Committee www.intosaiksc.org.



- The Comptroller and Auditor General of India is also the chair of the INTOSAI Working Group on IT Audit (WGITA). The Group was created in 1989 to address SAI's interests in the area of IT Audit. WGITA aims to support SAIs in developing their knowledge and skills in the use and audit of information technology by providing information and facilities for exchange of experiences, and encouraging bilateral and regional cooperation. Presently, WGITA has 42 members and four observers.
- The Comptroller and Auditor General of India is member of various INTOSAI Committees/Subcommittees/Working Groups/Task Forces.
- We had developed and maintain an electronic tool, called the online INTOSAI Collaboration Tool (ICT), which is the work bench of INTOSAI and can be used by a group for working on common projects from their own locations. We are in a process of developing in collaboration with IDI, a KSC portal which will replace ICT and will have many more interactive features.

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

6th Meeting of the INTOSAI KSC Steering Committee at Cairo, Egypt on October 14-15, 2014

The 6th meeting of the Steering Committee of the INTOSAI Knowledge Sharing Committee (KSC) was hosted by the Accountability State Authority of Egypt at Cairo on October 14-15, 2014.



6th Meeting of the INTOSAI KSC Steering Committee at Cairo, Egypt on October 14-15, 2014



The meeting was chaired by Mr. Shashi Kant Sharma, Comptroller and Auditor General of India and Chairman, KSC and was attended by 19 delegates from 11 member SAI Countries/bodies. The main purpose of the 6th KSC Steering Committee meeting was to collectively review the progress achieved by the Working Groups and Task Forces under KSC in relation to programmes and activities undertaken by them in tandem with the updated INTOSAI Strategic plan 2011-2016. The deliberations in this meeting formed the basis of the Goal-3 report presented in the 66th INTOSAI Governing Board meeting held at Vienna, Austria on November 6-7, 2014.

Subject Matter Experts meeting and Audit Planning meeting under IDI Global Programme on Specialized Audits – IT Audit for SAIs of ASOSAI & PASAI regions at iCISA, NOIDA during October 6-17, 2014

The INTOSAI Development Initiative (IDI) launched a global capacity development programme on IT Audit in 2014 in which 40 SAIs from ASOSAI, AFROSAI-E, CAROSAI, EUROSAI and PASAI are participating. The main objective of this programme is to support SAI teams in conducting an IT audit as per best practice.

Accordingly, an Audit Planning Meeting, preceded by meeting of the Subject Matter Experts, was hosted by SAI-India at iCISA, Noida during October 6-17, 2014. The main purpose of the meeting was to finalize the guidelines and draft a detailed Audit Matrix for the proposed IT Audit as well as to reach a consensus on the timelines to be followed by the various SAIs for submission of the final report. The pilot topic selected by SAI-India was the 'IT Audit of the E-Tendering system of the National Highways Authority of India (NHAI)'.

8th meeting of the INTOSAI Performance Audit Subcommittee held at New Delhi on March 24-25, 2015

The 8th meeting of the INTOSAI Performance Audit Subcommittee (PAS) was hosted by SAI-India at New Delhi on March 24-25, 2015 in which 24 delegates from member SAI of PAS participated. The main purpose of the 8th PAS meeting was to finalize the draft ISSAIs 3000, 3100 and 3200 on Performance Auditing.



8th meeting of the INTOSAI Performance Audit Subcommittee held at New Delhi on March 24-25, 2015

Collaboration between INTOSAI's Goal Chairs Meetings at Copenhagen and Vienna

The Comptroller and Auditor General of India, in his capacity as Chair of the INTOSAI's Goal 3 (Knowledge Sharing Committee), agreed to collaborate with other INTOSAI Goal Chairs i.e. Goal 1 (Professional Standards Committee) and Goal 2 (Capacity Building Committee) to develop a common, overall working plan. A staff level coordination meeting of the representatives of INTOSAI's Goal Chairs was held at Copenhagen, Denmark on February 26-27, 2015, which was followed by a meeting of the INTOSAI's Goal Chairs at Vienna, Austria on March 3, 2015. The Goal Chairs discussed various issues of common interest.

B. ASOSAI

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



The objectives of ASOSAI are:-

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

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

As the editor of ASOSAI Journal of Government Audit, we publish the ASOSAI Journal twice a year. The material for the ASOSAI General is contributed by member SAIs. The Journal is circulated among all members of INTOSAI and ASOSAI.

47th Governing Board Meeting and 2nd ASOSAI-EUROSAI Joint Conference

The 47th Governing Board Meeting on September 23-24, 2014 at Moscow, Russia

The 47th Governing Board meeting of ASOSAI was hosted by SAI Russia at Moscow. The Governing Board Meeting was chaired by the Comptroller & Auditor General of India and the other members of the delegation were Mr. K. S. Subramanian, Principal Director (IR), and Mr. Anadi Misra, Secretary to CAG and Mr. Rajdeep Singh, Director. In the meeting, 60 delegates from Governing Board and Audit Committee member SAIs, including observers from IDI, participated in the meeting. Important discussions were held on the report of the Chairman on the Governing Board Activities, report of Secretary General on the ASOSAI Financial Statement for FY 2013, formulation of the multi-year budget plan for 2015-2017, the report of Japan as Training Administrator on ASOSAI training activities, etc. The Governing Board also approved admission of the SAI of Tajikistan as the 46th member of the ASOSAI.

The 2nd ASOSAI-EUROSAI Joint Conference on September 25-26, 2014 at Moscow, Russia

The 2nd ASOSAI-EUROSAI Joint Conference was also organized by SAI Russia at Moscow.



The theme of the Joint Conference was “*Lesson learned from the past experiences of adopting the ISSAIs and their future implications*”, 22 delegations from ASOSAI and EUROSAI member countries exchanged their unique experiences in the implementation of the ISSAIs and committed on building a better practice.

SAI India presented a paper on “*ISSAI Implementation in SAI India*” during the 2nd Joint Conference.



2nd ASOSAI-EUROSAI Joint Conference held at Moscow on September 25-26, 2014

13th ASOSAI Assembly, 6th Symposium, 48th and 49th Governing Board meeting during February 9-13, 2015 at Kuala Lumpur, Malaysia

The 13th ASOSAI Assembly including the 6th Symposium on “Leveraging Technology to Enhance Audit Quality and Effectiveness”, the 48th and the 49th Governing Board meetings of ASOSAI were held in Kuala Lumpur, Malaysia during February 9-13, 2015.

The 13th ASOSAI Assembly as well as 6th Symposium at Kuala Lumpur were chaired by Mr. Shashi Kant Sharma, Comptroller & Auditor General of India. The other members of the delegation were Mr. K. S. Subramanian, Principal Director (IR), Mr. Anadi Misra, Secretary to CAG and Mr. Rajdeep Singh, Director.



48th Governing Board meetings of ASOSAI held in Kuala Lumpur, Malaysia in February, 2015



Honourable Dato' Sri Mohd bin Tun Abdul Razak, Prime Minister of Malaysia, Mr. Shashi Kant Sharma, Comptroller & Auditor General of India and Mr. Ambrin bin Buang, Auditor General of Malaysia at the launch of opening of 13th ASOSAI Assembly at Kuala Lumpur

The Assembly was attended by a total of 180 participants from 39 member SAIs as well as observers from INTOSAI, IDI, EUROSAI, AFROSAI, etc. Auditor General of Malaysia took over the Chairmanship of ASOSAI from Comptroller & Auditor



General of India from February, 2015. During the assembly the election of new members of ASOSAI Governing Board for the period 2015-2018, approval of ASOSAI Strategic Plan 2016-2021 and selection of SAI Vietnam as host of the 14th ASOSAI Assembly in 2018 was also discussed.

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

The Global Working Group (now Global Audit Leadership Forum) set up in 2000, provides select group of 19 Auditor Generals to meet annually for organized yet informed discussions on current and emerging issues of concern to their Governments and offices and to explore opportunities to share information and work closely.

The last meeting of GALF was held at Wellington, New Zealand during March 25-27, 2015 on the theme "Public Auditor 2030". Mr. A.M. Bajaj, Principal Director participated in the meeting.

D. BILATERAL RELATIONS WITH OTHER SAIs

Presently we have MoUs with 16 Supreme Audit Institutions viz. Afghanistan, China, Bhutan, Brazil, Kuwait, Maldives, Mongolia, Oman, Poland, Venezuela, Russia, South Africa, Cambodia, Vietnam, Iran and Ukraine.

Regular bilateral exchanges like training programmes, secondments, workshops, etc. were held with SAIs of China, Kuwait and Poland. Important bilateral meetings organized by SAI India in India and partner SAIs in their countries are given below:

Renewal of MoU with SAI Bhutan

A delegation headed by Mr. Shashi Kant Sharma, Comptroller & Auditor General of India visited Bhutan to renew the MoU between the SAIs of India and Bhutan during April 22-26, 2014. The MoU with SAI Bhutan is one of the oldest MoU signed by SAI India and it is continuing since 2001.

6th Indo-Kuwait Seminar at Kuwait

SAI Kuwait hosted the 6th Indo-Kuwait seminar on "*Environmental Audit*" during April 14-17, 2014. Mr. Balwinder Singh, ADAI and Mr. M. K. Biswas, Director



General attended the seminar. The participants of both SAIs exchanged knowledge and experiences related to environmental audit and discussed common environmental issues, as well as the Environmental Audit Methodology. Both SAIs also presented their respective papers on the seminar topic.

14th Indo-Polish Seminar at Warsaw, Poland

The 14th Indo-Polish Seminar was hosted by SAI Poland at Warsaw, during August 19-20, 2014. Mr. Andrew Langstieh, Director General and Mr. S.A. Bathew, Accountant General from SAI India participated in the Seminar. The Polish delegation was headed by Mr. Krzysztof Kwiatkowski, President of SAI Poland (NIK). The topic of the Seminar was "Analysis of Audit Report in the area of Information Technology". Both SAIs presented their respective papers on the seminar topic.

Visit of the Auditor General of Vietnam

A six member delegation headed by Mr. Nguyen Huu, Auditor General of Vietnam visited India during September 6-8, 2014 to discuss and exchange ideas on the IT application in auditing activities, performance audit, Environment audit and Audit Quality Control & Assurance. The delegation also visited iCISA, NOIDA.



Mr. Nguyen Huu, Auditor General of Vietnam visited SAI India during September 6-8, 2014

5th Indo-China Young Auditors Forum at China

The 5th China-India Young Auditors' Forum was hosted by SAI China during September 6-14, 2014 at Jinan. The themes of the Forum were "Budget



Implementation Audit” and “Traditional Culture and Development of Audit”. Ten young auditors from SAI India headed by Mr. Mukesh Lal Kumar, Sr. DAG attended the Forum.

As part of the programme the participants also visited China National Audit Office (CNAO) headquarters at Beijing. Mr. Liu Jiayi, the Auditor General of China interacted with the participants and encouraged all young auditors to share and exchange the knowledge and experience in their respective countries, and apply them in practice.

All participants showed great enthusiasm and actively exchanged their opinions and views on the seminar themes.



5th China-India Young Auditors' Forum hosted by SAI China at Jinan during September 6-14, 2014

21st Indo-China Seminar at Kochi, Kerala

SAIs of India and China have an existing Memorandum of Understanding (MoU) for cooperation in the field of public sector auditing, with a view to upgrade the professional knowledge and skills among their staff. An Indo-China Seminar is held every year, alternatively in each country under the aegis of this MoU. The 21st Indo-China Seminar was hosted by SAI India during November 27-30, 2014 at Kochi, Kerala on the topic “Audit of Public Debt”.



21st Indo-China Seminar held at Kochi, Kerala during November 27-30, 2014

Delegation from SAI India was headed by Mr. A.K. Singh, Deputy Comptroller & Auditor General and other members of the Indian delegation were Mr. N. Nagarajan, Pr. Accountant General, Mr. L. S. Singh, Principal Director and Ms. Smita Gopal, Sr.DAG.

Chinese delegation was headed by Mr. YUAN Ye, Deputy Auditor General; other members of delegation were Mr. MA Xiaofang, Director General, Mr. GAO Huairong, Deputy Director and Ms. ZHANG Xian, Section Chief.

Visit of Vice Chairman of SAI Oman

A delegation headed by Mr. Nasser H. Al Rawahy, Vice Chairman of SAI Oman visited SAI India during March 21-27, 2015. Mr. Al Rawahy, also interacted with the officers shortlisted for secondment to SAI Oman. The Vice Chairman held a meeting with Dy. C&AG and discussed their capacity building requirement.

E. AUDIT OF INTERNATIONAL ORGANISATION

Member of the UN Board of Auditors (UNBOA) for the term 2014 to 2020

The United Nations (UN) is audited by a three member Board, called the UN Board of Auditors. This responsibility includes the audit of organizations like UNICEF, UNDP, UNEP, Peace-keeping operations of the UN, besides the UN Headquarters. The three members of the Board are drawn one each from Africa, Asia and Pacific and the Western block (OECD countries).



The present members of the Board of Auditors are as follows:

- Comptroller and Auditor General of India [Term expires on June 30, 2020]
- Comptroller & Auditor General of the National Audit Office of the United Kingdom of Great Britain and Northern Ireland [Term expires on 30 June 2016]
- Controller and Auditor General of the United Republic of Tanzania [Term expires on June 30, 2018]



Mr. Shashi Kant Sharma, CAG of India taking over charge of the Member of UN Board of Auditors (UNBOA) from Mr. Liu Jiayi, Auditor General of the People's Republic of China

With effect from July 1, 2014 India became the Member of the Board in place of China for a six year term up to June 2020. Mr. Shashi Kant Sharma took over the charge of this prestigious position from Mr. Liu Jiayi, the Auditor General of the People's Republic of China at the United Nations Headquarters at New York.

India's audit portfolio is as under:

1. United Nations Peace Keeping Operations (UNPKO)
2. United Nations Children's Fund (UNICEF)
3. UN University (UNU)
4. United Nations Joint Staff Pension Fund (UNJSPF)
5. UN Framework Convention on Climate Change (UNFCCC)
6. UN Convention to Combat Desertification (UNCCD)
7. UN Escrow Account



8. Portion of UN Headquarters (Procurement, HRM, Office of High Commissioner of Human Rights, UN office at Geneva)

UN Board of Auditors is assisted by the Audit Operation Committee which comprises of the three Directors of External Audit representing each member of the Board. Audit material of the above eight organizations gets printed in two volumes of Audit Report. Volume II caters to UNPKO only, and Volume I covers other organizations. In respect of UNPKO, India is the lead auditor, and our first audit report on UNPKO was finalized by December 2014. The UNPKO report was highly appreciated by the Advisory Committee on Administrative and Budgetary Questions (ACABQ).

UN Agencies

As on date, SAI-India is the External Auditor of the following UN Agencies and other International Organization:

1. World Food Programme (WFP) *[July 2010 to June 2016]*
2. International Organization for Migration (IOM) *[July 2010 to June 2016]*
3. World Intellectual Property Organization (WIPO) *[July 2012 to June 2018]*
4. International Atomic Energy Agency (IAEA) *[July 2012 to June 2016]*
5. UN World Tourism Organization (UNWTO) *[2000 to 2015]*

Financial/Certification, Performance, Compliance audits of the above UN Agencies/International Organizations (except for UNWTO) are conducted every year. For UNWTO, only a financial audit is conducted. For the year ended December 2014, all audits have been carried out and Audit Reports issued.

Panel of External Auditors of United Nations and its Technical Group

The External Auditors of UN and Members of the Board of Auditors and its Specialized Agencies constitute the "Panel of External Auditors of the United Nations". The Panel meets once a year to address issues of developments in accounting/auditing practices worldwide. We have been a member of the Panel since 1993, by virtue of being the External Auditor of UN or its specialized agencies. CAG of India was the Chairman of the Panel from 2011 to 2013 and Director General (IR) was the Convener of the Technical Group of the Panel during that period. SAI India participated in the Technical Group and Panel of External Auditors meeting held at New York during December 4-9, 2014.



Annex I

Organizational Chart as on 31 March 2015
Comptroller and Auditor General of India

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



Annex II

OFFICES OF THE INDIAN AUDIT & ACCOUNTS DEPARTMENT

I Audit Offices- Union and Union Territories

A. Civil

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

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



B. Defence

1. Director General of Audit, Defence Services, New Delhi
2. Pr. Director of Audit, Defence Services, Chandigarh
3. Pr. Director of Audit, Defence Services, Pune
4. Pr. Director of Audit, Air Force, New Delhi
5. Principal Director of Audit, Navy, Mumbai
6. Pr. Director of Audit, Ordnance Factories, Kolkata

C. Post & Telecommunication

1. Director General of Audit, Post & Telecommunications, Delhi

D. Railways

1. Pr. Director of Audit, North Central Railway, Allahabad
2. Pr. Director of Audit, East coast Railway, Bhubaneswar
3. Pr. Director of Audit, South East Central Railway, Bilaspur
4. Pr. Director of Audit, Southern Railway, Chennai
5. Pr. Director of Audit, North Eastern Railway, Gorakhpur
6. Pr. Director of Audit, Northeast Frontier Railway, Guwahati
7. Pr. Director of Audit, East Central Railway, Hajipur (Bihar)
8. Pr. Director of Audit, South Western Railway, Hubli, Bengaluru
9. Pr. Director of Audit, West Central Railway, Jabalpur
10. Pr. Director of Audit, North Western Railway, Jaipur



11. Pr. Director of Audit, Eastern Railway, Kolkata
12. Pr. Director of Audit, South Eastern Railway, Kolkata
13. Pr. Director of Audit, Railway Production Units & Metro Railway, Kolkata
14. Pr. Director of Audit, Central Railway, Mumbai
15. Pr. Director of Audit, Western Railway, Mumbai
16. Pr. Director of Audit, Northern Railway, New Delhi
17. Pr. Director of Audit, Railway -Commercial, New Delhi
18. Pr. Director of Audit, South Central Railway, Secunderabad

E. Commercial

1. Pr. Director of Commercial Audit & Ex-Officio Member Audit Board, Bengaluru
2. Pr. Director of Commercial Audit & Ex-Officio Member Audit Board, Chennai
3. Pr. Director of Commercial Audit & Ex-Officio Member Audit Board, Hyderabad
4. Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board-I, Kolkata
5. Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board-II, Kolkata
6. Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board-I, Mumbai
7. Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board-II, Mumbai
8. Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board-I, New Delhi
9. Pr. Director of Commercial Audit & Ex-Officio Member Audit Board-II, New Delhi
10. Pr. Director of Commercial Audit & Ex-Officio Member Audit Board-III, New Delhi
11. Pr. Director of Commercial Audit & Ex-Officio Member Audit Board-IV, New Delhi
12. Pr. Director of Commercial Audit & Ex-Officio Member, Audit Board, Ranchi



F. Overseas

1. Pr. Director of Audit, London
2. Pr. Director of Audit, Washington DC
3. Pr. Director of Audit, Kuala Lumpur, Malaysia
4. Director of External Audit, Rome, Italy
5. Director of External Audit, New York (set up in June 2014)

II Audit Offices-States

1. Pr. Accountant General (G&SSA), Andhra Pradesh, Hyderabad
2. Accountant General (E&RSA), Andhra Pradesh, Hyderabad
3. Accountant General, Arunachal Pradesh, Itanagar
4. Accountant General (Audit), Assam, Guwahati
5. Accountant General (Audit), Bihar, Patna
6. Accountant General (Audit), Chhattisgarh, Raipur
7. Accountant General, Goa, Goa
8. Accountant General (E&RSA), Gujarat, Ahmedabad
9. Accountant General (G&SSA), Gujarat, Rajkot
10. Pr. Accountant General (Audit), Haryana, Chandigarh
11. Pr. Accountant General (Audit), Himachal Pradesh, Shimla
12. Pr. Accountant General (Audit), Jammu & Kashmir, Srinagar
13. Pr. Accountant General (Audit), Jharkhand, Ranchi
14. Pr. Accountant General (G&SSA), Karnataka, Bengaluru



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



36. Accountant General (Audit), Tripura, Agartala
37. Pr. Accountant General (G&SSA), Uttar Pradesh, Allahabad
38. Accountant General (E&RSA), Uttar Pradesh, Lucknow
39. Accountant General (Audit), Uttarakhand, Dehradun
40. Pr. Accountant General (G&SSA), West Bengal, Kolkata
41. Accountant General (E&RSA), West Bengal, Kolkata

III Accounts and Entitlement Offices – States

1. Pr. Accountant General (A&E), Andhra Pradesh, Hyderabad
2. Pr. Accountant General (A&E), Assam, Guwahati
3. Accountant General (A&E), Bihar, Patna
4. Accountant General (A&E), Chhattisgarh, Raipur
5. Accountant General (A&E), Gujarat, Rajkot
6. Pr. Accountant General (A&E), Haryana, Chandigarh
7. Accountant General (A&E), Himachal Pradesh, Shimla
8. Accountant General (A&E), Jammu & Kashmir, Srinagar
9. Accountant General (A&E), Jharkhand, Ranchi
10. Pr. Accountant General (A&E), Karnataka, Bengaluru
11. Pr. Accountant General (A&E), Kerala, Thiruvananthapuram
12. Pr. Accountant General (A&E)-I, Madhya Pradesh, Gwalior
13. Accountant General (A&E)-II, Madhya Pradesh, Gwalior
14. Pr. Accountant General (A&E)-I, Maharashtra, Mumbai



15. Accountant General (A&E)-II, Maharashtra, Nagpur
16. Accountant General (A&E), Manipur, Imphal
17. Accountant General (A&E), Meghalaya, Shillong
18. Accountant General (A& E), Nagaland, Kohima
19. Pr. Accountant General (A&E), Odisha, Bhubaneswar
20. Pr. Accountant General (A&E), Punjab, Chandigarh
21. Pr. Accountant General (A&E), Rajasthan, Jaipur
22. Sr. Dy. Accountant General (A&E), Sikkim, Gangtok
23. Pr. Accountant General (A&E), Tamil Nadu, Chennai
24. Accountant General (A&E), Tripura, Agartala
25. Accountant General (A&E)-I, Uttar Pradesh, Allahabad
26. Accountant General (A&E)-II, Uttar Pradesh, Allahabad
27. Pr. Accountant General (A&E), Uttarakhand, Dehradun
28. Accountant General (A&E), West Bengal, Kolkata

IV Training Institutes

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



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

@Under the charge of Pr. Director of Audit, South Western Railway, Hubli, Bengaluru

@@Under the charge of Director General of Audit, Central Expenditure, New Delhi