COMPTROLLER & AUDITOR GENERAL OF INDIA'S PERFORMANCE REPORT 2013-14

From the desk of the Comptroller & Auditor General of India

It gives me great pleasure to present the Performance Report of Indian Audit and Accounts Department for the year 2013-14. 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 have prepared a Code of Ethics to provide clear guidance on standard of behaviour expected from the members of Indian Audit and Accounts Department and documented Standards/Guidelines to guide the auditing process.

We continuously engage with our stakeholders through the mechanisms of Audit Advisory Boards, Seminars, and Workshops etc. We engage with the audited entities to pursue audit findings.

SAI India is an active member of International Organization of Supreme Audit Institutions (INTOSAI) and Asian Organization of Supreme Audit Institutions (ASOSAI). Our role as External Auditor of UN Agencies has been appreciated by the stakeholders. 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. This report also highlights our participation in activities of INTOSAI and ASOSAI.

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

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Performance Highlights

I. About the Performance Report

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

II. About the CAG of India and the IAAD

- The CAG of India is a Constitutional authority.
- The CAG's (Duties, Powers and Conditions of Services) 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 substantially financed from public exchequer. Several other Acts of Parliament provide for audit of certain statutory authorities by the CAG of India.
- The Act also provides for compilation and presentation of accounts of the State Governments by the CAG of India.
- The CAG of India discharges his duties through the IAAD. Headquartered in New Delhi, the CAG's office is supported by 133 field offices spread across India and five overseas offices.

III. Key Results in Audit

- We audited 54513 units covering 97.5 *per cent* and 95.3 *per cent* of planned audits at Union and State level, respectively, during 2013-14.
- We issued 49,894 Inspection Reports during 2013-14 to various audited entities.

- **We prepared 134 Audit Reports (covering *inter alia* 164 Performance Audits) during 2013-14, 32 for tabling in the Parliament and 102 in the State Legislatures. Of these, 44 Reports for the State Legislatures were tabled after March 31, 2014.**
- **We made 2,304 recommendations to our audited entities at Union and State level. Of these, 704 recommendations were accepted by the Union and State governments.**
- **We examined 6,812 accounts of Union and State Governments, PSUs, Autonomous Bodies, Externally Aided Projects and others. 79.6 *per cent* Audit certificates were issued on time.**
- **The Government accepted 64.4 *per cent* of the total recoveries pointed out by us (Rs.1,32,394 crore) and recovered Rs.3,000 crore. (Our total expenditure was Rs.2922 crore.)**
- **We pointed out several instances of deviation from rules, regulations; deficiencies in planning and implementation of schemes, lack of coordination among various agencies, etc.**
- **The Government issued necessary directions, orders etc. and changed accounting policies on the basis of audit observations.**
- **We were yet to receive 12,419 Action Taken Notes on Audit Reports from previous years at Union and State Level as on March 31, 2014.**

IV. Key Results in Accounts and Entitlements

- **We finalized 4,69,393 pension and pension revision cases during 2013-14.**
- **We carried out 99.5 *per cent* of the planned treasury inspections. State Government accepted 59.8 *per cent* of the recommendations made by us.**

- **We issued 96.6 *per cent* account slips to GPF account holders on time during the year.**

V. Professional Standards and Quality Management

- **Three Indian Government Accounting Standards (IGAS) were notified by Government of India by March 2014. Four IGASs and four IGFRSs (Indian Government Financial Reporting Standard) were under consideration of the Government of India.**
- **We constituted Technical Board for Professional Practices for considering issues in the areas of audit and accounting policy and their implementation.**
- **Audit Quality Management Framework was revised for ensuring compliance with the auditing standards, in particular the INTOSAI Auditing Standards, ASOSAI guidelines and applicable law.**
- **31 field offices of IA&AD were inspected as a measure of internal control mechanism and 42 *per cent* of the recommendations made in the Inspection Reports were implemented.**

V. Resource Management

- **We spent Rs.2921.56 crore in 2013–2014.**
- **Optimal staffing in the field offices continued to be the main focus of the HR strategy.**
- **Of the 48,139 people working in IAAD, 88 *per cent* directly added value to our core activities.**
- **Our RTIs trained 12,786 persons during the year.**

VI. Seminars and Events

- **A workshop of Stakeholders on New and Renewable Energy was organised in Headquarters at New Delhi on September 24, 2013.**

- **A two days' workshop on "Best Practices in GPF Management" was organized in February 2014 in Headquarters at New Delhi.**
- **A six days training programme on "Preparation of Finance and Appropriation Accounts" for 8 A&E offices situated in the North Eastern region including Sikkim was held at Regional Training Institute, Shillong in March 2014.**
- **A half day "Webinar" on application of knowledge of Competition Law during audit of Stakeholders was organized on 27 September 2013 in collaboration with Competition Commission of India in Headquarters at New Delhi.**

VII. Our Interaction with Key Stakeholders

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

VIII. International Participation and Contributions

- **The Comptroller & Auditor General of India (CAG) was appointed (November 2013) as a Member of the UN Board of Auditors for six years with effect from 1 July 2014.**
- **The CAG was chair of UN panel for external auditors from 2011 to 2013 and the external auditor for five UN organizations (WFP, IOM, WIPO, IAEA and UNWTO).**
- **The CAG is a member of INTOSAI and Chairman of ASOSAI. He chairs INTOSAI Working Group on IT audit and INTOSAI Committee on Knowledge Sharing & Knowledge Services & its Steering Committee.**
- **We hosted the 4th Indo-China Young Auditors Forum in December 2013 and a Seminar of Indo-Kuwait delegates on "Quality assurance and quality in audit" at Shillong in April-May, 2013.**

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. It is expected to promote accountability and transparency in public activities.

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

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

This report aims to meet accountability requirements by reporting on

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

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

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

In the Indian system of governance, Parliament/ State Legislature authorizes the budget which prescribes how Government will collect money through taxes and how much and for what purposes. There are also financial rules to ensure standards of propriety, regularity and probity in managing public funds. The Government Departments and other public bodies are expected to follow these rules and adhere to the framework prescribed therein, when they receive and spend public money. The spending Departments are accountable to the Parliament and State Legislatures for both the quantity and quality of their expenditure.

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

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

II Our Vision, Mission and Core Values

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

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

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

III Independence of SAI

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

The Constitution of India provides for a Comptroller and Auditor General. Independence of the CAG from the executive branch of the Government of India and State Governments is inherent in Article 148 of the Constitution which imbues the CAG with immunity from executive action accorded to a Supreme Court Judge (making him independent of the Executive as well as the Legislature). Articles 149 and 150 define his duties and powers. Article 151 prescribes that audit reports relating to Union and the State Governments are to be submitted to the President of India/ Governor of the State to be placed before Parliament or State Legislature.

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

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

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

IV Our Accounts Mandate[1]

The CAG's Duties, Powers and Conditions of Service (DPC) Act 1971 promulgated in exercise of powers conferred by the Constitution provides for compilation of accounts by the CAG. Besides compiling accounts, the CAG is responsible for preparing and submitting the accounts to the President, Governors of States and Administrators of Union Territories having Legislative Assemblies. He may also give information and render assistance, related to preparation of accounts. While compiling accounts of State Governments from the subsidiary accounts submitted by treasuries and other officers of the State Governments, we do not just mechanically total up incomes and expenditures but act as financial advisors. We raise an alarm if monies are being drawn in excess of authorization. We actively

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

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

- Audit of several Regulatory Bodies and other statutory authorities is conducted by the CAG of India in terms of the provisions of the Acts governing them.

VI What we do not Audit

The mandate of the CAG does not extend to the audit of public sector banks; Government corporations whose statutes do not provide for audit by the CAG, *e.g.*, Life Insurance Corporation, and companies where the Government shareholding is less than 50 *per cent.*

VII Our Powers

In carrying out the above mentioned duties, the CAG has powers[2] 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.

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

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

Our audit mandate as per the DPC Act, specifies the entities that come within our audit purview at the Union and State level. However, the audit scope and extent, the methodology and approach to be adopted by the CAG in conducting audit of these entities, is at the discretion of the CAG. We conduct 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 of the provisions of the Constitution of India and the laws (Legality);
- sufficiently comprehensive and ensure effective control over Government receipts, expenditure, assets and liabilities with sufficient safeguards against loss due to wastage, misuse, mismanagement, errors, frauds and other irregularities (Adequacy);
- clear and free from ambiguity and promote observance of probity in decision making (Transparency);
- effect and achieve the intended objectives and aims (Effectiveness).

VIII B Financial Audit

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

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

VIII C Performance audit

Performance audit is an independent assessment or examination of the extent to which an 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.
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 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.

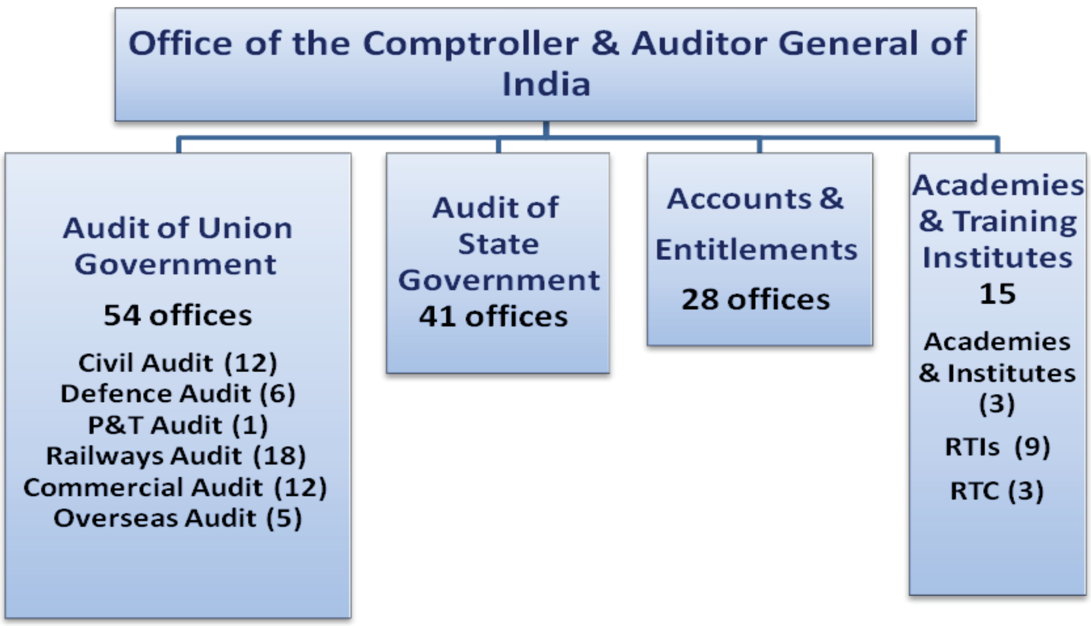
The audited entities and Ministries are expected to take action on the basis of the shortcomings pointed out and the recommendations made in the Audit Reports and send action taken notes on the audit observations printed in the audit report. The audit reports issued by the CAG at the Union and State levels are discussed in the respective Public Accounts Committee (PAC) and Committee on Public Undertakings (COPU) meetings. Compliance with audit observations and recommendations is also examined and reported upon during subsequent audits.

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

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.

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 48000 employees. The CAG's office located in New Delhi is the headquarters of IAAD. It is supported by 133 field offices spread across India and five offices located abroad.



XI The CAG Office

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

XII Field Offices in IAAD

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

Category	
Audit Offices (Union Govt.)	
Civil	12
Defence	6
P&T	1
Railway	18
Commercial	12
Overseas	5
Total - Audit Offices (Union Govt.)	**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 Director Generals /Principal Directors of Audit (37)** are responsible for audit of the activities of the Union Government, including Civil Ministries and Departments, Defence, Indian Railways and Posts &Telecommunications.
- **Offices of the Principal Directors of Commercial Audit and ex-officio Members Audit Board (MAB) (12)** are responsible for the audit of Central Public Sector Undertakings (PSUs). They certify the annual accounts of the Statutory Corporations and conduct Supplementary Audit of Government Companies. They also conduct compliance and performance audits in PSUs.
- **Overseas Audit Offices** headed by Principal Directors in Washington, London and Kuala Lumpur audit embassies and other Government establishments in each region. Office of PDA in Rome is responsible for auditing World Food Program and office of PDA in Geneva audits the World Health Organization, the UN Agencies for which SAI India is the external Auditor. The office of PDA in Geneva was closed in July 2012.

- **Offices of the Principal Accountants General/Accountants General (Audit)** in every State are responsible for audit of all receipts and expenditure of the State Government, audit of Government companies, corporations and autonomous bodies in the State as well as local bodies. There are 41 such Audit offices in India.
- **Offices of Accounts and Entitlements (A&E) headed by Principal Accountants General/ Accountants General (A&E) (28)** are engaged in maintaining the accounts of the State Governments and authorizing GPF and pension payments of their employees.
- Three national level Institutions, nine Regional Training Institutes and three Regional Training Centres are engaged in capacity building of officers and staff in IAAD.
- A list of the offices is placed at **Annex II** of this report.

XIII Restructuring of Audit Offices

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

The principles underlying restructuring were:

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

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

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

Minimal Reporting lines: There is a single ADAI supervising all the Accountants General (Audit) in a State.

XIV Key features of restructuring

XIVA Audit of Union Government

- To ensure vertical integration of Ministries/ PSUs/ Autonomous Bodies in respect of Union Government, restructuring has been carried out. Sectoral profiling 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 2 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.

XIVB Audit of State Governments

- All audit activities in the States, *i.e.*, Civil Audit, Commercial Audit, Receipt Audit, Audit of State Autonomous Bodies and 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	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 States[3], *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.

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

XV Audit Advisory Board

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 individuals and professionals from diverse fields. It is a reflection of our openness to external advice and has been identified as a good practice by the International Peer review Team. The members of the Board function in an honorary capacity. The 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, Confederation of Indian Industry	**Member**
Dr. Abhay Bang Director, Society for Education, Action and Research in Community Health (SEARCH), Social Activist	**Member**
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 2013-14, on 12 November 2013 and 11 March 2014. The Board deliberated upon the issues concerning mandate of the CAG, Strategic Audit Plan 2020, audit of private companies in the context of High Court Judgment on CAG audit of Telecom Companies and audit of PPP projects.

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

Chapter 3

Key Results and Achievements – Audit

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 various audited entities under Central Government, State Governments, Local Bodies, Autonomous Bodies, Public Sector Units etc.

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

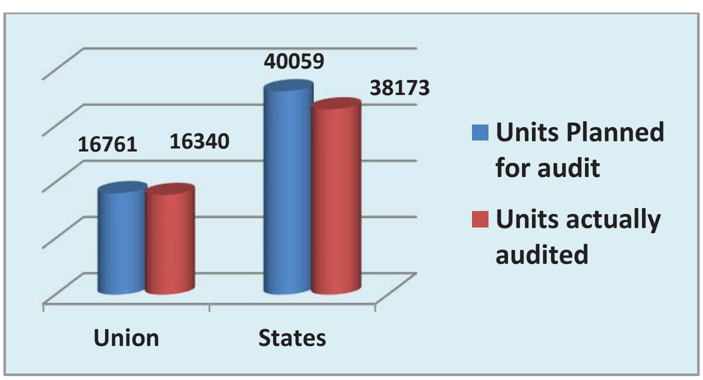
I Compliance, Performance, Financial Attest Audit and Audit Reports

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

IA Compliance Audit:

(i) Audit Coverage

A total of 54513 units were audited during 2013-14. The graph below shows that 97.5 *per cent* of the planned audits at the Union level and 95.3 *per cent* 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 49,894 inspection reports during 2013-14.

At the Union level 91.1 *per cent* of the inspection reports were issued on time. At the State level, the on-time performance was 80.6 *per cent*.

	Inspection Reports issued	Inspection Reports issued within in 30 days	Percentage of IRs issued within 30 days
Union	**16425**	**14957**	**91.1%**
State	**33469**	**26969**	**80.6%**
Total	**49894**	**41926**	**84 %**

(iii) Observations made by audit during compliance audit:

The observations made by audit during compliance audit are compiled and issued to the respective Ministry/Corporation/Company as Compliance Audit Report. During 2013-14, 2,386 paragraphs, other than those designated as performance audits were included in the compliance reports. Out of the 823 observations made 542 audit paras were accepted and 64 audit paras were partially accepted by the audited entities at the Union level. At the State level, 1,563 audit paras were included in the compliance reports out of which 629 were accepted and 219 audit paras were partially accepted by the audited entities.

IB Performance Audit

Audit Reports on 164 performance audits were approved during 2013-14. The table below indicates the details at Union and State level.

	Audit Products
Union Level	**23**
State Level	**141**
Total	**164**

IC Financial Attest Audit

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

We examined 6,812 accounts of Union and State Governments, PSUs, Autonomous Bodies, externally aided projects and others. 5,422 certificates of audit were issued within the prescribed time frame.

	Accounts examined	On time Audit Certification
Union Government	707@	423@
State Government	60@@	50@@
PSUs	1,462	1058
Autonomous Bodies	845	359
Externally Aided Projects	242	173
Others	3496	3359
Total	**6,812**	**5,422 *(79.6 per cent)***

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

@@Refers to Finance and Appropriation Accounts of States

Delays in receipt of accounts from the audited entity, delay in receipt of statements/correction slips from Railway Administration and unit offices, incomplete accounts, error in accounting, misstatement, 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 134 Audit Reports (covering inter alia 164 Performance Audits) during 2013-14, 32 for tabling in the Parliament and 102 in the State Legislatures. Of these, 44 Reports for the State Legislatures were tabled after March 31, 2014.

We made 2,304 recommendations to our audited entities at Union and State level. Of these, 704 recommendations were accepted by the Union and State governments.

	No. of Reports prepared during the year	Recommendations made	Recommendations accepted
Union Government	**32@**	**578**	**224** ***(38.8 per cent)***
State Governments & Union Territories	**102@@**	**1726**	**480** ***(27.8 per cent)***
Total	**134**	**2304**	**704** ***(30.6 per cent)***

@ All the 32 Reports were presented to Parliament during 2013-14.

@@ Of these, only 58 Reports were presented to the State Legislatures during 2013-14.

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 2013-14 are indicated below:

(Rs. in crore)

	Recoveries pointed out	Recoveries accepted	Recoveries effected
Union Government	**74512.09**	**52294.62**	**1463.67**
State Governments	**57882.10**	**32951.50**	**1536.77**
Total	**132394.19**	**85246.12**	**3000.44**

The audited entities accepted about 64.4 *per cent* of the recoveries pointed by audit. The Government recovered Rs.3000.44 crore as a result of audit which is only about 2.27 *per cent* of the amount pointed out for recovery during the year, which is more than total budget of IA&AD of Rs.2921.56 crore.

IIB Performance Audit

The CAG approved 164 performance audit products during 2013-14. We made 1,322 recommendations to our audited entities at Union and State level. Of these 364 recommendations (27.5 *per cent*) were accepted by the audited entities. The table below indicates the details at Union and State level.

	Audit Products	Recommendations made	Recommendations accepted
Union Level	**23**	**225**	**31 (13.8*per cent*)**
State Level	**141**	**1,097**	**333 (30.4*per cent*)**
Total	**164**	**1,322**	**364 (27.5 *per cent*)**

IIC Financial Impact of Audit of Annual Accounts of PSUs

In case of annual accounts of Government companies and corporations we conduct supplementary audit under section 619 (4) of the Companies Act, 1956. The corrections were made in the accounts of 60 companies and corporations as a result of three phase audit. The quantified implication of these changes was: (a) Amendment to Notes to the Accounts: Rs.11,56,066 crore (b) Classification mistakes: Rs.3,08,160 crore (c) Changes in profit and loss: Rs.4,59,582 crore and (d) Changes in assets and liabilities: Rs.4,34,974 crore.

III Major Audit Findings

During the year 2013-14, 28 Reports were tabled in the Parliament and 58 in the State Legislatures (Copies 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 2011-12 (Report 1 of 2013)

- The Government transferred Central Plan assistance of Rs.1,09,173 crore directly to State/district level autonomous bodies and authorities, societies, non-governmental organizations etc. for implementation of Centrally Sponsored Schemes. Since the aggregate amount of unspent balances lying with the recipients was unascertainable, the 'expenditure' in the Government Accounts indicates 'transfer of funds' rather than final expenditure.
- 76 *per cent* of the total Plan expenditure was in the form of grants-in-aid payment. Ministry of Rural Development booked an expenditure of Rs.29,189.77 crore under the object head "Grants for creation of capital assets" for operationalization of Mahatma Gandhi National Rural Employment Guarantee Act. As a large number of works did not result in creation of assets and the focus was on employment generation or minor improvements to existing assets, there is a strong case for not classifying the entire amount under 'Grants for creation of Capital Assets'. This resulted in overstating the Capital expenditure of the government.
- Department of Telecommunication transferred to and disbursed from only Rs.1,687.96 crore to the Universal Service Fund out of the total receipts of Rs.6,723.57 crore towards Universal Access Levy during the year 2011-12. There was also overall under-statement of the closing balance of the Fund of Rs.21,839.45 crore after taking into account the reimbursement of license fees and spectrum charges to BSNL amounting to Rs.6,948.64 crore over the period 2002-03 to 2005-06 for fulfilling rural telephony obligation.
- Of the total Rs.3,453.55 crore collected during the period 1996-97 to 2011-12 as Research and Development Cess, only Rs.506.41 crore was utilized towards objectives for levying the Cess. The Cess proceeds are not shareable with the States.
- Of the total income of Rs.708.27 crore, earned from the investment of the amounts lying in the National Investment Fund during the period 2008-12, an amount of only Rs.419.37 crore was transferred to the Public Account for meeting expenditure on pre-identified initiatives.
- Non-transfer of receipts of advance payments from assessees amounting to Rs.252.28 crore from the Public Account to the Consolidated Fund of India (CFI), resulted in understatement of the customs receipts. As customs receipts formed part of the divisible pool of taxes to be shared between the Centre and the States, this implied short devolution of shareable taxes to States.

- A total expenditure of Rs.34,083 crore by way of payment of interest on refunds had been incurred by the Central Board of Direct Taxes over the last five years without obtaining approval of the Parliament through necessary appropriations. For the Central Board of Excise and Customs, corresponding expenditure was Rs.29.19 crore.
- Incorrectly classification of expenditure resulted in an overstatement of capital expenditure by Rs.463.82 crore and understatement of capital expenditure by Rs.2172.73 crore.

Mahatma Gandhi National Rural Employment Guarantee Programme (Report 6 of 2013)

- In the second Performance Audit of the Mahatma Gandhi National Rural Employment Guarantee Programme covering the period from April 2007 to March 2012, we test-checked its implementation in 182 districts, 458 blocks and 3,848 gram panchayats.
- Employment per rural household declined from 54 days in 2009-10 to 43 days in 2011-12. There was also a substantial decline in the proportion of works completed in 2011-12. Bihar, Maharashtra and Uttar Pradesh which constituted 46 *per cent* of the rural poor accounted for only 20 *per cent* of the total funds released under Scheme.
- In 14 States and one UT, 129.22 lakh works amounting to Rs.1,26,961.11 crore were approved in the annual plans. Of these, only 38.65 lakh works (30 *per cent* of planned works) amounting to Rs.27,792.13 crore were completed during the audit period.
- The Ministry relaxed all conditionalities and released a sum of Rs.1,960.45 crore in March, 2011 to the States, contravening norms of financial accountability. An amount of Rs.4,072.99 crore was irregularly released in advance by the Ministry during 2008-12 to States for use in the subsequent financial year. Further, excess funds of Rs.2,374.86 crore were released to 6 States, either due to wrong calculation or without taking note of the balances available with them.
- Job cards were not issued to 12,455 households in six states. Photographs on job cards represent an important control against fraud and misrepresentation. Photographs on 4.33 lakh job cards were not found pasted in seven states. There were multiple job cards in the name of the same person in 18,325 cases.

Delays in issue of job cards in 12,008 cases ranging up to 51 months were noticed. No unemployment allowance was paid in 47,687 cases.

- There were cases of suspected misappropriation of funds of Rs.128.23 crore as no supporting vouchers relating to payments were available on record. Tampering with muster rolls was noticed in 10 States. In 12 States and one UT, cases of the material cost exceeding the prescribed ratio were noticed.
- The material cost exceeded the maximum permissible 40 *per cent* of the total work cost by Rs.1,594.37 crore in the test checked cases. In the test checked districts of 25 states/UTs, 1,02,100 inadmissible works amounting to Rs.2,252.43 crore were taken up.

Preservation and conservation of monuments and antiquities (Report 18 of 2013)

- A joint physical inspection of 1655 monuments (out of the total of 3678 monuments protected by the ASI) was carried out by audit teams all over the country to scrutinize the status of maintenance of these monuments. Seven major museums under the control of Ministry of Culture were also audited.
- The Conservation Policy of ASI was not updated after 1923. Hence, the monuments were selected arbitrarily for carrying out conservation works. Many monuments were never considered for any structural conservation.
- The ASI did not have reliable information on the exact number of monuments being protected under its jurisdiction. Incorrect figures were reported at different forums, including at least twice in Parliament.
- During joint physical inspections of selected monuments in this audit, at least 92 monuments were found not traceable/missing. However, only 35 monuments were being reported to the Parliament since 2006.
- Any ancient monument declared to be of national importance by the Central Government through a gazette notification is a centrally protected monument under the control of the ASI. However, the term ‘national importance’ is not defined. There were inordinate delays in shortlisted monuments getting notified for protection. Some of the cases for notifying the monuments are pending for more than 16 years.
- Proposals for de-notification of monuments, which have lost the national importance over a period of time were also pending for years.
- In 955 monuments, religious activities were being held. However, ASI had no information whether it had extended the required permission.

- The World Heritage Sites did not receive appropriate care and protection. There were numerous cases of encroachment and unauthorized construction in and around these sites.
- There was marked delay in report writing work for the excavations. For some major excavations viz. Mathura, Sravasti and Ropar the report writing work for the excavations carried out in 1954-55, 1958-59 and 1953-54 respectively, were yet to be completed. Out of 113 excavation works carried out during 2007-08 to 2011-12, only one excavation Report was published.
- There is no policy for management of antiquities - acquisition, preservation, documentation and custody of art objects in the Central Museums.
- The proposed legislation for amendment of the Antiquities and Art Treasures Act was pending since 1997. Incidence of illegal export of antiquities was on the increase.
- Significant discrepancies were observed with reference to documentation of the number of antiquities possessed by the Indian Museum Kolkata and National Museum, New Delhi. Similar discrepancies were found in the number of gold coins possessed by the Asiatic Society, Kolkata.
- Documentation was poor and physical verification was absent in many museums. Security was lax due to which 131 antiquities were stolen from monuments/sites and 37 antiquities from Site Museums from 1981 to 2012.
- The ASI has 3678 monuments, for which only 3458 sanctioned posts of monument attendants are available. Out of these 1279 (37 *per cent*) posts were vacant. ASI failed to formulate recruitment rules since 1985 for the posts approved for Institute of Archaeology.
- At least 546 encroachments were noticed during joint physical inspection (including 46 by Government agencies) as against the 249 encroachments being reported by the ASI. There were 9122 cases of unauthorized construction around the monuments.
- Despite several instances of thefts/ security concerns, no CCTV cameras, metal detectors and baggage scanners were installed at the monuments (except Taj Mahal, Agra and Red Fort Delhi where CISF is deployed)

Disaster Preparedness (Report 5 of 2013)

- The National Plan for Disaster Management had not been formulated even after six years of the enactment of the Disaster Management Act, 2005. National Executive Committee had not met between May 2008 and December 2012.

- The national guidelines developed by NDMA were not adopted and applied by the nodal agencies and state governments.
- NDMA's project management capacity was found deficient. We found projects with similar objectives being executed by NDMA and also by nodal ministries, indicating lack of coordination.
- NDMA was not performing several functions as prescribed in the Act. We noticed significant deviations from the prescribed roles and practice of Ministry of Home Affairs, National Executive Committee and National Disaster Management Authority. There were overlaps and in some cases the roles were not as per the Act.
- The management of the State Disaster Response Fund (SDRF) in the States was poor. The States were not regular in sending the details of utilization and unspent balances under SDRF to MHA. States did not invest the unspent balances under SDRF as per guidelines. This resulted in potential loss of interest of Rs.477.99 crore in 5 out of 9 test checked States.
- National Disaster Response Fund was utilized for various purposes other than those stated in the GOI guidelines. We found that out of Rs.9208.30 crore approved for release by High Level Committee during September 2010 to March 2012, funds amounting to only Rs.3090.43 crore were provided to States for repair and restoration in various sectors and 34 *per cent* of the total approved amount was on inadmissible items. We also found that 'On account' releases of Rs.654.04 crore in case of Gujarat, Assam and Goa, from National Calamity Contingency Fund (now NDRF) were lying unspent with these States.
- Many communication projects were either incomplete or were not operational despite procurement of expensive equipment years back. The satellite based Communication Network was not fully operational even after more than six years of receipt of the communication equipment. The Doppler Weather Radars for surveillance and monitoring of severe weather system did not fructify after spending Rs.35.64 crore.
- National Disaster Response Force could not grow as envisaged. The Standard Operating Procedures were yet to be finalized and communicated to the States. Diversion of this Force for non-disaster events was also noticed. Effectiveness of the Force was hampered by shortage of trained manpower, absence of required training facilities, suitable infrastructure and equipment.
- India Meteorological Department had no disaster management and mitigation plans for earthquake. Similarly, NDMA's National Earthquake Risk Mitigation

Project was still in preparatory phase after a lapse of five years of its conceptualization.

- Only 8 States had prepared Emergency Action Plans for 192 large Dams against targeted 4728 large dams in 29 States as of September 2011. There were 4728 reservoirs and barrages in the country as on September 2011. Central Water Commission provides inflow forecasts to only 28 of these reservoirs and barrages. Shortcomings reported in the evaluation study of scheme for flood control was not rectified by the Ministry of Water Resources.
- The activities envisaged in the national guidelines on Drought Management were yet to be carried out to further strengthen the disaster preparedness.
- Five States and one UT had submitted forest fire crisis management plans which were pending approval of Ministry of Environment & Forest. Despite availability of real time data on occurrence of forest fire, it was not utilized for planning at national and state levels. Funds under Intensification of Forest Management scheme were released without assessment of requirement.
- For biological disasters, Integrated Disease Surveillance Project of Ministry of Health and Family Welfare did not have regular reporting of data from all States. The Bio Safety Levels (BSL) laboratories are an important tool for prompt diagnosis of the agents for effective management of biological disasters. No BSL-4 laboratory was functional. Surveillance at national entry points viz. airports. Ports and international land borders were inadequate as out of the 44 entry points, 23 entry points had no health units. The remaining entry points lacked in infrastructure and required strengthening.
- The Atomic Energy Regulatory Board had issued a large number of consents for transport of radioactive material for safe disposal. However, there was no proper mechanism to verify whether these had actually been disposed of.

Compensatory Afforestation (Report 21 of 2013)

- The Supreme Court had directed in October 2002 that a ‘Compensatory Afforestation Fund’ shall be created in which all the monies received from the user-agencies towards compensatory afforestation, additional compensatory afforestation, penal compensatory afforestation, net present value of forest land, catchment area treatment plan funds, etc. shall be deposited. Compensatory afforestation fund was to compensate for the loss of tangible as well as intangible benefits from the forest lands which were diverted for non-forest use. Such funds were to be used for natural assisted regeneration, forest management, protection, infrastructure development, wildlife protection and management, supply of wood and other forest produce saving devices and other allied activities.

- The Supreme Court observed in May 2006, that CAMPA had still not become operational and ordered the constitution of an ad-hoc body (known as 'Ad-hoc CAMPA'), till CAMPA became operational. The Court ordered that all monies recovered on behalf of the CAMPA and lying with the various officials of the State Government were to be transferred to Ad-hoc CAMPA. During the period 2006 and 2012, the compensatory afforestation funds with Ad-hoc CAMPA grew from Rs.1,200 crore to Rs.23,608 crore.
- We noticed serious shortcomings in regulatory issues related to diversion of forest land, the abject failure to promote compensatory afforestation, the unauthorized diversion of forest land in the case of mining and the attendant violation of the environmental regime.
- Against the receivable non-forest land of 1,03,382 hectare, only 28,086 hectare was received during the period 2006-12 which constituted only 27 *per cent* of receivable non-forest land.
- Of the 23,246.80 hectare of non-forest land received by them, only 11,294.38 hectare was transferred and mutated in the name of the State Forest Department. Of this, 3,279.31 hectare was declared as Reserve Forest/ Protected Forest.
- There were discrepancies between the data maintained by the Ministry and State Governments regarding total forest land diverted and total non-forest land received, as much as 3.5 *per cent* and 17.3 *per cent* respectively, thereby compromising the quality of planning and operations.
- In case of non-availability or short-availability of forest land, to be duly certified by the Chief Secretary, compensatory afforestation was to be undertaken over the degraded forest twice to the extent of the forest land diverted. It was observed that compensatory afforestation was allowed over an area of 75,905 hectare without any certificate of the Chief Secretary, in almost all the states except Delhi, Himachal Pradesh, Meghalaya and Sikkim. Only in two State/ UTs viz. Chandigarh and Uttarakhand, equivalent or more non-forest land was received.
- We also observed instances in which orders of the Supreme Court were flouted by Andhra Pradesh State Electricity Board in the case of diversion of

forest land in the Nagarjunasagar Srisailam wildlife sanctuary without permission from National Board of Wildlife and the Supreme Court. In five other cases unauthorized renewal of mining leases in Rajasthan and Odisha were noticed, where the approval of Central Government was not obtained by the State Government, as was directed by the Supreme Court.

- The compensatory afforestation done over the non-forest land received was an abysmal 7,280.84 hectare constituting seven per cent of the land which ought to have been received. The afforestation over the degraded forest land was done only on 49,733.76 hectare and 49 km out of 1,01,037.35 hectare and 54.5 km identified which worked out to 49 per cent (in area). Seven States viz. Gujarat, Haryana, Kerala, Maharashtra, Meghalaya, Punjab and Rajasthan carried out no compensatory afforestation either over non-forest land or over degraded forest land. By contrast the States of Assam and Odisha showed a high level of achievement with regard to compensatory afforestation, both over non-forest land and over degraded forest land.
- Numerous instances of unauthorized renewal of leases, illegal mining, continuance of mining leases despite adverse comments in the monitoring reports, projects operating without environment clearances, unauthorized change of status of forest land and arbitrariness in decisions of forestry clearances were observed. Three specific cases are detailed below:
- The Chief Secretary, Madhya Pradesh issued a certificate of non-availability of non-forest land in Sidhi District instead of a certificate of non-availability of non-forest land for the entire State. Based on this ineligible certificate, the Ministry exempted Sasan Power Limited from providing non-forest land of 1384.96 hectare in case of the Ultra Mega Power Project and for the coal mining project in violation of the Forest (Conservation) Act, 1980. The Ministry did not exercise due diligence in ensuring compliance with conditions and also inexplicably overlooked the deficiencies in the certificate pointed out by a subordinate authority in the Ministry while granting exemption in the instant case.
- Government of Uttar Pradesh in August 2007 changed the status of Reserve Forest land measuring 1,083.23 hectare in Sonbhadra district as revenue land without prior approval of the Ministry in contravention of Forest Conservation Act, 1980 and handed over the land to M/s JP Associates Ltd. for non-forest use like establishment of cement plant,

mining and other allied activities. The value of non-forest land, which would normally have been received in lieu of the diversion, was estimated to be Rs.133.78 crore.

- Despite an adverse inspection report from Regional Office, Bengaluru, the Ministry in August 2006 approved diversion of 17.84 hectare of forest land in favour of M/s Elray Minerals & Company with the condition of providing of non-forest land to the extent of 4.86 hectare along with other general conditions. The Ministry modified in-principle approval in August 2008 and exempted the company from providing any non-forest land. Instead, it allowed compensatory afforestation over double the degraded forest. Exemption from providing non-forest land was sought by the company on the certificate from the Chief Secretary. The certificate was without any letter head and stamp of the office or the officer and appeared suspicious, prima-facie. The Chief Conservator of Forests, Government of Goa submitted a compliance report mentioning the total lease area of 100 hectare, despite the in-principle approval of only 17.84 hectare. There was no mention of amount of NPV recovered and deposited to Ad-hoc CAMPA.
- As per the information furnished by six state CAMPA/ Nodal officers in Andhra Pradesh, Arunachal Pradesh, Assam, Punjab, Uttarakhand and West Bengal, there was an encroachment on forest land involving 1,55,169.82 hectare.
- Despite such gross non-compliance with statutory conditions and orders of the Supreme Court, no action was initiated by the Ministry. The Ministry had invoked penal provisions only in three cases during the period August 2009 to October 2012 and even this action was only limited to issue of show cause notices. The penal clause prescribed in the Forest (Conservation) Act, 1980, was largely inadequate and ineffective to put any deterrence towards illegal and unauthorized practices.
- The Ad-hoc CAMPA was ineffective in ensuring complete and timely transfer of all monies collected by States/Union Territories towards Compensatory Afforestation Fund to the Ad-hoc CAMPA accounts. There is no assurance that all the monies collected for compensatory afforestation funds by States/UTs have been deposited in the Ad-hoc CAMPA accounts. This could have been ensured only if a centralized data base indicating project wise amounts due, collected, remitted (or utilized by States/UTs prior to formation of Ad-hoc CAMPA) and balance lying with States/UTs

was created. Divergence in data of transfer of funds available with Ad-hoc CAMPA and collected from States/UTs was Rs.6,021.88 crore which was 26.32 *per cent* of the principal amount with Ad-hoc CAMPA. Non-reconciliation of the same over years not only indicates laxity in controls but also raises doubts on the reliability and completeness of the data provided by all agencies concerned.

- Non recovery/ under assessment of net present value and funds for compensatory afforestation/additional compensatory afforestation/penal compensatory afforestation/ catchment area treatment plan on the basis of our test check was Rs.5,311.16 crore, which constituted 23 *per cent* of the total principal amount with Ad-hoc CAMPA as on 31 March 2012. In some of the States where the amounts of non/ short recovery were significant include Odisha (Rs.1,235.26 crore), Jammu & Kashmir (Rs.861.80 crore), Madhya Pradesh (Rs.512.84 crore), Tripura (Rs.333.19 crore), Assam (Rs.2 23.28 crore), Uttarakhand (Rs.207.51 crore), Gujarat (Rs.176.02 crore), Jharkhand (Rs.116.18 crore), Manipur (Rs.106.45 crore) and Chhattisgarh (Rs.111.29 crore). Ministry/ Ad-hoc CAMPA/ State CAMPA did not have any system to case-wise monitor the correct assessment and collection of dues before giving final clearance for diversion of forest lands.
- Out of Rs.2,925.65 crore of the compensatory afforestation funds released by Ad-hoc CAMPA during the period 2009-12 for compensatory afforestation activities, only Rs.1,775.84 crore were utilized by the State/ UTs leaving an unutilized balance of Rs.1,149.81 crore. In 11 of the selected 30 States/UTs, utilization ranged between zero to 50 *per cent.*
- An expenditure of Rs.51.93 crore was incurred in 17 States on items which were not permitted by National CAMPA Advisory Council and State CAMPA guidelines.
- Despite repeated directions from the Ad-hoc CAMPA body, a comprehensive investment policy was not formulated and approved by the Chairman, Ad-hoc CAMPA till 2012. There were instances of deposits amounting to Rs.1,998.47 crore placed in banks that did not even bid. In the case of fixed deposits there were cases of loss of interest on account of delay in investment of funds, retaining the funds in interest free current accounts and delay in crediting the maturity amount into bank accounts.

- The Central CAMPA (Ad-hoc) has not submitted audited accounts till date since its inception in 2006. It would be appropriate if the amounts lying in Ad-hoc CAMPA are transferred into the Public Account of India as was envisaged in the Compensatory Afforestation Fund Bill, 2008.
- The Supreme Court in 2002 directed that the Union of India shall within eight weeks frame comprehensive rules with regard to the constitution of a body and management of the compensatory afforestation funds. Accordingly, the Ministry notified the creation of Compensatory Afforestation Management and Planning Authority in 2004. However, this authority was never operationalized. Early operationalization of CAMPA which can execute the mandate of ensuring compensatory afforestation effectively and efficiently within the broader constitutional and legal framework is necessary.

Storage management and movement of food grains (Report 7 of 2013)

- The procurement of food grains increased from 343 to 634 lakh MT during the period 2006-07 to 2011-12 resulting in a sharp increase in the stock of food grains which raises issues relating to storage space and increased movement of food grains from procuring states to consuming states.
- The average food grains procurement at 514 lakh MT by FCI, State Government Agencies and States undertaking decentralized procurement was lower than average allocation of 593 lakh MT made by the Government of India to states for distribution.
- The minimum buffer norms prescribed by the GOI were ambiguous as it did not clearly delineate individual elements of food security [*e.g.*, emergency, price stabilization, food security reserve, Targeted Public Distribution System and Other Welfare Schemes] within the minimum buffer stock. The existing norms also did not specify the maximum and manageable level of stock to be maintained in the Central Pool and the components therein.
- No specific norm was followed for fixing of the Minimum Support Price (MSP) over the cost of production. Increase in MSP had a direct bearing on statutory charges levied on purchase of food grains by different State Governments. There were also wide inter-state variations both in statutory and non-statutory charges being levied by the State Governments. All this resulted in raising the acquisition cost of food grains.

- Procurement of food grains started increasing substantially from the year 2008-09 and stock of food grains in the Central Pool increased from 548.26 lakh MT as on 1 June of 2009 to 824.11 lakh as on 1 June 2012. However, FCI owned storage capacity remained more or less static ranging between 151 lakh MT and 156 lakh MT during the years 2008-09 to 2011-12.
- Against the storage gap of 332 lakh MT (March 2012), GOI/FCI envisaged capacity addition of only 163 lakh MT during the six year period under various augmentation programmes. Out of this, only 34 lakh MT was completed by March 2012. The storage capacity of FCI was concentrated in a few States.
- Food grains should be stored preferably in covered godowns and silos rather than in Covered and Plinth (CAP) form. The quantum of food grains under CAP by FCI and State Government Agencies increased from 66.43 LMT in March 2010 to 87.86 LMT in March 2012 thereby exposing larger quantity of food grains to the risk of deterioration.
- Due to non-adherence to First-In-First-Out principle, 1.06 lakh MT wheat worth Rs.121.93 crore under the custody of State Government Agencies in Punjab and Haryana were damaged.
- Despite availability of vacant storage space, FCI did not take direct delivery of wheat from State Government Agencies and incurred an avoidable expenditure of Rs.376 crore on carry over charges.
- FCI had taken an initiative to plan movement of food grains through a computer based model of linear programming. Out of 36,402 rakes 18,615 rakes did not follow the most economical routes.
- Internal audit and physical verification was largely inadequate.

Rajiv Gandhi Grameen Vidyutikaran Yojana (Report 27 of 2013)

- The Programme was launched in March 2005 with the aim of electrifying all villages and habitations in 5 years, provide electricity to all households, and giving electricity connection to Below Poverty Line (BPL) families, free of charge. Subsequently, all existing rural electricity programmes were merged into it. The target for village electrification was 1.25 lakh un-electrified villages and 7.80 crore rural households including free electricity connections to 2.34 crore BPL households by 2009.

- We reviewed the Programme implementation in 169 projects (out of total 576) and found deficiencies in planning, execution and monitoring. RGGVY did not achieve its target of electrifying all villages or households by 2010, even by March 2012. Achievement was 63, 27 and 44 per cent in respect of electrification of un-electrified villages, rural and BPL households respectively by March 2010.
- The Programme was launched without conducting any feasibility study, based on incomplete and unreliable data on existing state of unelectrified villages and uncovered BPL households. None of the Project Implementing Agencies (PIAs) undertook a survey prior to formulating detailed project Reports. For the BPL household data, in seven States, PIAs relied upon the data of Census of 2001 without considering growth in rural population/habitats/villages since 2001. In remaining States, PIAs collected BPL data from other sources. These gaps in the planning stage had the impact of variations in the cost estimates to the extent of Rs.262 crore.
- Against the total approval of Rs.33,000 crore for X Plan and first two years of XI Plan by CCEA, allocation of funds during 2004-12 as per budget estimates and revised estimates was Rs.31,338.00 crore and Rs.27,488.56 crore respectively. MOP did not fully utilize the funds allocated under the scheme and released Rs.26,150.76 crore to REC up to March 2012. Analysis of the information available at REC in respect of 169 selected sample projects revealed that there were delays in release of funds by the REC to PIAs. Both PIAs and REC were responsible for delays which impacted execution and project schedules. There were cases of undue favour and violation of rules and procedures in award of contracts. In the test-checked cases, 29 projects amounting to Rs.548.61 crore were awarded to ineligible contractors in two States. Further, undue benefit of Rs.114.40 crore was extended to contractors on account of permitting higher rates, non-deduction of taxes, etc. which also resulted in avoidable increase of project costs by that amount.
- Deployment for franchisees for ensuring revenue sustainability of RGGVY projects was mandatory; yet as of 31 March 2012, only 37,614 franchisees had been deployed in 17 States covering 1,75,655 villages out of 3,53,049 villages. No franchisees were appointed in ten States.
- We also pointed out non-adherence to system of inspections and quality monitoring contemplated under the Programme.

Employees' Provident Fund Organization (Report 32 of 2013)

- The Employees Provident Fund Scheme together with the Employees' Pension Scheme (EPS) and Employees Deposit Linked Insurance (EDLI) Scheme aims to provide social security to employees and their family members. It is important that all establishments which satisfy the requirements of the EPF Act, are brought under its ambit without delays. EPFO ensures this through surveys and inspections. Significant shortfalls were noticed in this regard.
- The EPFO did not exercise expected control on the employers of exempted establishments to ensure that the exempted establishments transferred the EPF accumulations to their Board of Trustees (BOTs) and the BOTs invested the money transferred to them.
- The EPFO was not very encouraging towards voluntary coverage of its schemes. Inspections of establishments were less than prescribed targets.
- Wage limit for coverage of employees under EPF Scheme was Rs.6500 p.m., which has been continuing since June 2001, thus denying the benefit of EPF to a large number of employees with wages above this limit.
- Valuation of Employees Pension Fund is not being done in time, nor are the reports received in a time bound manner and there is significant delay in action on valuation reports.
- Due to non-updation of about 38.74 lakh subscribers' accounts as of March 2012, the Interest Suspense Account balance was not a true reflection of sums available for distribution as interest to Employees Provident Fund subscribe Rs.
- More than 70,000 subscribers' accounts reflected negative balances, indicating excess withdrawals.
- The EPFO also did not adhere to the investment pattern prescribed by the Ministry of Finance.
- The revenue collection processes in the EPFO were deficient. Arrears in determination of dues, outstanding amount recoverable on account of administrative charges from the unexempted establishments, inspection charges from the exempted establishments were significant.
- Many of the weaknesses pointed out by us have been persisting despite earlier assurances rendered by the Ministry to the Public Accounts Committee.

Railways (Report 25 of 2013)

- Our test check revealed a revenue loss of Rs.2486.68 crore besides a recoverable penalty of Rs.13869.86 crore. Recovery of Rs.1670.57 crore was also due from Kudremukh Iron Ore Company Limited, Mangalore in case of iron pellets exported. This was in addition to the revenue loss of Rs.1795.51 crore pointed out in the CAG Report no. 32 of 2011-12. Railway Administration (South Eastern Railway) have acknowledged a freight evasion of Rs.1875.63 crore in 15 cases. Revenue losses were suffered due to misuse of the dual pricing system introduced in May/ July 2008 for transportation of iron ore. The freight rate fixed for transporting iron ore for non-domestic consumption was more than three times the rate fixed for domestic consumption. To avail the domestic rate the Railways had prescribed mandatory submission of certain prescribed documents. The internal control system of the Railways failed as it allowed the concerned parties to avail the domestic rate without submitting some of the essential prescribed documents.
- As per rules, freight charges are to be recovered by the shortest route even freight is actually carried through a longer route. In a test check, we assessed a loss of Rs.422.74 crore over the period 2010-12 due to carrying of freight traffic by the longer route. Railways had taken limited action to rationalize the longer routes and remove bottlenecks.
- There was an avoidable payment of lease charges to the extent of Rs.27.04 crore for the leasing of wagons under Own Your Wagon Scheme due to improper monitoring of the movement of leased wagons.
- The detention of locomotives during unscheduled repairs, their excess detention for completing maintenance/ overhaul in loco sheds /Workshops, their detention in yards awaiting POH / after POH and the delays in sending dead locomotives to the sheds for repairs together resulted in loss of earning capacity of Rs.733 crore.
- Whenever any portion of a train, while in motion, becomes detached a train, parting occurs and results in loss of section capacity by way of disturbance to train operations, detention and consequential financial loss to the Railways. A total of 232 train partings occurred during the period 2007-08 to September 2012 and resulted in an estimated loss of Rs.125.27 crore in four Zonal Railways due to defective components sourced from two firms.

Army & Ordnance Factories (Report 30 of 2013)

- Ignoring the recommendations of the trial team, the Ministry procured Tanks 'X' valuing Rs.9083.36 crore in 2001 and 2007 without Air Conditioners rendering the fleet of Tank 'X' vulnerable to degradation of sensitive components. The action for procurement of air-conditioners, initiated in 2002, was yet to materialize.
- The order placed in 2001 on M/s Bharat Earth Movers Limited for supply of Pontoon Mid-Stream bridges did not fructify despite advance payment of Rs.313.72 crore made almost nine years ago.
- Ambiguity about the responsibility between Ministry of External Affairs and Ministry of Defence for recoveries pertaining to Peace Keeping Missions from the United Nations resulted in accumulation of outstanding recoveries and unlikely reimbursement of Rs.73.84 crore due from four defunct missions.

Acquisition of helicopters for VVIPs by the Air Force (Report 10 of 2013)

- A contract was concluded with M/s Augusta Westland International Ltd., UK for the procurement of 12 numbers of AW-101 helicopters at a total cost of Rs.3726.96 crore. We commented upon various deviations made during the tendering process from the operational requirements of the Air Force, laid down procurement procedures and offset policy as well as during field evaluation trials. The benchmarked cost (Rs.4871.5 crore) arrived at by the Negotiation Committee was found unreasonably high, providing no realistic basis for comparison with the offered cost (Rs.3966 crore) of helicopters for price negotiations. Additional procurement of 4 helicopters at a cost of Rs.1240 crore was avoidable as assessed requirement was not commensurate with the low utilization levels of existing helicopters.

Finances of Central Public Sector Enterprises (Report 2 of 2013)

- The total profit earned by 191 profit-making Central Public Sector Enterprises (CPSEs) was Rs.1,27,021 crore of which 67 per cent was contributed by 44 CPSEs engaged in Petroleum and Natural Gas, Power, Coal and Lignite sectors. Of these, 112 CPSEs declared dividend for the year 2011-12 amounting to Rs.42,671 crore of which Rs.27,644 crore were paid/payable to the Government of India. The dividend paid to Government of India represented 13.52 *per cent* return on the total investment by the Government of India (Rs.2,04,417 crore) in all the CPSEs.

- Out of 303 CPSEs, the equity investment in 60had been completely eroded by their accumulated losses. In fact, the aggregate net worth of these companies had become negative to the extent of Rs.70,946 crore as on 31 March 2012.
- During 2011-12 the total sales of 303 CPSEs was Rs.17,34,909 crore. Out of these 121 CPSEs made sales/rendered services to Government departments worth Rs.2,99,739 crore against their total sales of Rs.10,14,540 crore. Sixty five CPSEs exported goods from India or rendered services abroad worth Rs.91,985 crore against their total sales of Rs.11,78,449 crore.
- Total expenditure on Research & Development incurred by 51 CPSEs during 2011-12 amounted to Rs.2,906 crore.
- Accounts of 258 CPSEs were reviewed by us out of 376 CPSEs, which submitted their accounts for the year 2011-12 by 30th September 2012.
- We have introduced the system of Three Phase Audit of accounts of CPSEs on consensus basis in order to enhance the quality of financial reporting. This has led to a significant improvement in the quality of their financial statements. The net impact of Three Phase Audit on the profitability was Rs.7357 crore and on assets/liabilities was Rs.8291 crore.
- As a result of supplementary audit conducted by us, 7 Government companies revised their accounts for the year 2011-12. The impact of the revision on the financial statements of these companies was to the extent of Rs.93.52 crore.
- In addition, the statutory auditors of two listed companies, two deemed government companies and eight unlisted companies revised their reports at the instance of supplementary audit conducted by us.
- In certain statutory corporations, where the CAG is the sole auditor, rectification of errors amounting to Rs.9316 crore was carried out at our instance. We also pointed out other accounting errors (Rs.1851 crore).
- DPE guidelines on corporate governance though mandatory are not being complied with by some of the CPSEs. Representations of independent directors in some of the CPSEs were not adequate. In 13 companies the required number of independent directors was not there and in 21 companies there were no independent directors in the Board. Two-third of the members of the Audit Committee were not independent directors in 11 companies. In 8 companies, the Chairman of the Audit Committee was not an independent

director. Whistle Blower Mechanism was not observed in 8 companies. In 9 CPSEs there was no system of regular reporting to the Board by the Audit Committee.

- The DPE's guidelines of April 2010 on CSR require that CPSE budget will be compulsorily created every year, through a Board Resolution, as a percentage ranging 0.5 % to 5% of net profit. A review of 110 CPSEs for the year 2011-12 revealed that 47 CPSEs did not comply with DPE guidelines in terms of the minimum CSR budget/ expenditure.

Commercial undertakings of the Union Government (Report 13 of 2013)

- The Report contains 11 theme based audit observations (financial implication: Rs.9040.33 crore) and 39 individual audit observations relating to 38 PSUs under 15 Ministries/Departments.
- These include: Non-compliance with rules, directives, procedures, terms and conditions of the contract etc. (Rs.1333.12 crore); Non-safeguarding of financial interest of organizations (Rs.1314.66 crore); Defective/deficient planning (Rs.202.06 crore); Inadequate/deficient monitoring (Rs.23.91 crore); Non-realization/ partial realization of objectives (Rs.65.55 crore) and recoveries made by 4 PSUs at our instance (Rs.121.86 crore).

Central Excise & Service Tax (Report 17 of 2013)

- The Report contains 239 observations pertaining to Central Excise duties and Service Tax, having a total revenue implication totaling Rs.569.55 crore. The Ministry/department had, till May 2013, accepted our observations involving revenue of Rs.565.72 crore and reported recovery of Rs.109.30 crore.
- Indirect tax revenues as a percentage of GDP decreased from 5.24 *per cent* in FY03 to 4.38 *per cent* in FY12. During the same period, Central Excise revenues (PLA) as a percentage of GDP declined from 3.25 in FY03 to 1.61 in FY12 and Service Tax revenues as a percentage of GDP rose to 1.09 from 0.16.
- Revenues foregone on account of exemptions under Section 5A (1) of the Central Excise Act amounted to Rs.1,95,590 crore (Rs.1,79,453 crore in general exemptions and Rs.16,137 crore in area based exemptions), which was 135 *per cent* of the revenues from Central Excise.

- Cases involving Central Excise duty of Rs.54,172.65 crore were pending as on 31 March 2012 with different authorities for adjudication/final decision; the figure in respect of Service Tax was even higher at Rs.73,274.74 crore.
- Nearly 50 per cent of Service Tax assessees paying revenue over Rs.1 crore annually and due for audit by the Central Excise and Service Tax department remained unaudited during 2011-12. We observed instances of incorrect availing/utilization of cenvat credit, short payment of duty/tax and non-payment of interest on delayed payments involving revenue implication of Rs.61.44 crore and Rs.478.04 crore in Central Excise and Service Tax respectively. Instances of deficiencies, in scrutiny and internal audit process, ineffective call book review, and non-recovery of Government dues by departmental officers resulting involving tax claims of Rs.30.07 crore were also noticed.

Service Tax (Report 9 of 2013)

- The department does not have a mechanism to arrive at a reliable estimate of value of taxable services imported.
- The department did not have any prescribed specific accounting codes or any alternative mechanism to arrive at reliable figures of the taxes collected relating to import of services.
- The system was not robust enough to provide information on the gap between the collectible tax and the tax actually collected.
- The department did not have a system to utilize available data relating to remittances to NRIs.
- In the absence of any requirement for submission of an undertaking by remitter/certificate from Accountant on the lines of the prescription in Income Tax, RBI permits remittances towards import of services irrespective of non-fulfillment of corresponding service tax liability by the service recipient.
- There was no system of calling for an Annual Information Return from identified parties such as authorized dealers.
- Non-fulfillment of service tax liability by export oriented units and associated enterprises indicated the need for strengthening of monitoring on this front.

- The department did not have in place a system to utilize data on high value transactions of specific nature available with certain Central Ministries/RBI to check possible cases of evasion of tax.

Strengthening the Tax base through use of Information (Report 4 of 2013)

- Annual increase in the in the number of income tax assesses during the year period 2001-02 to 2010-11 was only 3 *per cent* p.a. (from 2.62 crore to 3.36 crore). We found several deficiencies in the flow and utilization of information as it was not received from all agencies or was found unusable in the absence of details of PAN numbers. In 285 high value cases, the Assessing Officers did not make use of available information.

Direct Taxes (Report 15 of 2013)

- Voluntary compliance declined for corporate (from 84 to 79 *per cent*) as well as non-corporate (from 94 to 90 *per cent*) assessees during FY03 to FY12.
- The uncollected demand increased from Rs.124,274 crore in FY08 to Rs.408,418 crore in FY12, of which 94 *per cent* was difficult to recover in FY12 (paragraphs 1.12.1 and 1.12.2).
- Scrutiny Assessments pending for disposal increased to 4.05 lakh in FY12 from 3.92 lakh in FY11. Out of total 7.75 lakh scrutiny assessment cases, the Department had disposed of 3.7 lakh (47.7 *per cent*) cases in FY12.
- ITD recovered Rs.2,680.97 crore in the last 5 years (including Rs.1,538 crore in FY 12) on rectification of the errors in assessments pointed out by us.
- ITD completed 5.50 lakh scrutiny assessments in FY 12, of which we checked 2.96 lakh cases. The incidence of errors in assessment checked in audit was 0.18 lakh, which averaged to six *per cent*.
- This Report discusses 455 high value and important cases. The Ministry accepted our observations in 311 cases and disagreed with us in 31 cases.
- It also points out 325 cases of Corporation tax with tax effect of Rs.2,271.32 crore, 115 cases of Income tax with tax effect of Rs.593.30 crore and 15 cases of Wealth Tax involving tax effect of Rs.35.19 lakh.

Penalty and Prosecution by the Income Tax Department (Report 28 of 2013)

- ITD did not apply penalty provisions for cash transaction which led to tax effect of Rs.56.60 crore. We found that the ITD delayed in completion of penalty proceedings in 27 cases which led to potential loss of revenue of Rs.4.38 crore. ITD did not apply penalty as per provisions of the Act in cases such as (a) non-complying with filing requirements covering Income Tax Returns, Tax Audit Reports, Books of Accounts; (b) concealment of income (tax effect of Rs.73.20 crore) and (c) failure to provide return for TDS/TCS (penalty of Rs.5.13 crore)

- There were substantial delays in launching of prosecution cases ranging from 5 to 48 years. Cases were being launched and pursued even where companies had already been liquidated or have been declared sick by Board for Industrial & Financial Reconstruction (BIFR). CBDT is pursuing cases under repealed sections of the Act, dead assessees etc. resulting in wastage of resources. Even after 11 years of the Supreme Court judgment and 5 years of opinion from the Ministry of Law, 76 cases were still being pursued frittering away valuable time and resources of ITD.

Direct Tax Exemptions to Charitable Trusts and Institutions (Report 20 of 2013)

- The Income Tax Act, 1961 (Act) provides various tax exemptions to charitable Trusts &Institutions (Trusts) to fulfill their objectives. Lapses were noticed in registration process, allowance of exemptions during assessment, non-monitoring of accumulations of surplus income and foreign contributions. Besides, inconsistencies in the Act which led to incorrect assessment and non-levy of taxes were also highlighted.
- Out of 1.75 lakh applications received from Trusts during FY 09 to FY 11, ITD accepted 0.90 lakh cases and rejected 0.36 lakh cases. On scrutiny of the 0.90 lakh cases, we noticed procedural mistakes in 6,948 cases.
- Out of identified 1.37 lakh assessments of Trusts (Scrutiny: 0.17 lakh & Summary: 1.20 lakh), we checked 0.81 lakh assessment cases (Scrutiny: 0.15 lakh & Summary: 0.66 lakh). We have highlighted 1,283 (Scrutiny: 1,019 &Summary: 264) objections of irregular exemption involving tax effect of Rs.3,019.21 crore.
- ITD granted registrations/approvals/notifications to the 799 Trusts without verifying necessary documents such as copy of the Trust Deed, proper clauses in the Trust Deed, audited accounts etc. ITD granted

registrations/approvals/notifications to 73 Trusts having no PAN despite this being a statutory requirement.

- 22 Trusts accumulated surpluses of Rs.819 crore, which were used for creating fixed assets for earning more profit or transferred to other Trusts rather than for charitable purposes to avoid tax.
- Jamshedji Tata Trust and Navajbai Ratan Tata Trust earned Rs.3139 crore on account of capital gains, which were invested in prohibited modes of investments, resulting in short levy of tax of Rs.1066.95 crore. The Ministry accepted our observations.
- ITD allowed irregular exemptions of TV subsidy received from BCCI by some Cricket Associations resulting in short levy of tax of Rs.37.23 crore.
- ITD allowed irregular exemptions to 30 Trusts involving tax effect of Rs.59.61 crore where voluntary contributions, received without specific directions, were taken to corpus fund instead of treating as income.
- ITD allowed irregularly exemptions u/s 11(2) to 120 Trusts involving tax effect of Rs.106.10 crore for the surpluses accumulated without submitting Form 10 /details of investments made in specified modes to the AO.
- ITD did not tax accumulations of 23 Trusts after specified period involving tax effect of Rs.100.07 crore. ITD allowed irregularly exemptions to 5 Trusts involving tax effect of Rs.43.35 crore for accumulations invested in non-specified modes.
- ITD has not taken uniform practice in allowing depreciation, repayment of loan and deficit of earlier years.
- ITD allowed irregular depreciation to Trusts in 240 cases involving tax effect of Rs.248.39 crore.
- There is no internal mechanism within ITD to have control over the receipts issued by the entity having registration under section 80G. ITD did not cross-check the donations received by 24 Trusts.
- There is no enabling provision in Act to deduct TDS in case of Trusts. Therefore, AOs allowed expenditure incurred by Trusts in seven cases, without deducting TDS which involved tax effect of Rs.9.49 crore.
- The income of any university or other educational institution/hospitals existing solely for educational/philanthropic purposes and not for purposes of profit,

which is wholly or substantially financed by the Government, has been exempted under the Act. However, the word “substantially financed” is not defined in the Act.

- ITD has not maintained comprehensive database on Trusts and does not have any system to analyze the number of Trusts registered with their filing of returns.
- As per disclosure by MHA on its website, NGOs/Trusts received Rs.10,338 crore by way of contributions from foreign sources during FY 10 as these are monitored under the Foreign Contribution Regulation Act, 1976. ITD has not laid down any mechanism to keep a watch on the utilization of these funds for the purpose for which these were received.

CAG Reports to the Legislatures of the States

Delhi (Reports 1, 2 & 3 of 2013)

- Irregular claim of exemption/ concessional rate of tax without furnishing proper statutory forms resulted in short payment of tax of Rs.2310.14 crore, including interest of Rs.404.30 crore.
- Delhi Jal Board was able to collect and treat only 367 MGD out of total 680 MGD of sewage, the remaining being discharged untreated into Yamuna River through storm water drains, even after having a sewage treatment capacity of 543.40 MGD. The Board added only one MGD capacity of Sewerage Treatment and laid only 900 kms of sewer line during 2007-12 after incurring an expenditure of Rs.1634.18 crore. The actual utilization of Common Effluent Treatment Plants (CETPs) for industrial sewage was only 5 to 62.50 *per cent* of installed capacity while instances were noticed of untreated industrial sewage being discharged directly into Yamuna River. 4 out of 15 CETPs, scheduled for completion by 1998, were still incomplete (December 2012).
- Drinking water was not being distributed equitably amongst the population due to lack of reliable data on population and water supplied to different areas. 24.8 *per cent* of the households in Delhi were being supplied water through tankers in the absence of pipelines, where the average per capita supply was 3.82 litres per day against a prescribed norm of 172 litres. Metering of water at consumer end was not comprehensive as less than 40 per cent of water produced was billed during last three years.

Andhra Pradesh (Reports 1, 2 & 3 of 2013)

- The penalty of at least ten per cent of the under declared output tax or excess input tax claimed, as stipulated in the provisions was not levied, resulting in short levy of penalty at least by Rs.133.16 crore
- There were enormous delays in sanction/disbursement of scholarship to students. Huge amounts (Rs.176.83 crore) remained undisbursed with the nodal banks, Corporate Internet Banking (CINB) and PD accounts.
- We reviewed 1096 cases of land allotments by Andhra Pradesh Industrial Infrastructure Corporation involving 43,920 acres of land, covering 78 per cent of the total land allotment during 2006-12. Alienation orders from State Government had not been received for 49,046 acres of land of which the Corporation had already taken advance possession. Review brought out instances of allotment of land to private parties at rates well below the market value or well below acquisition cost and other irregularities resulting in loss of Rs.363 crore. Out of 6,038 allotments, projects under 4,220 allotments during 2006-10 should have been completed within 2 years. However, 1,204 units (involving 15,292 acres of land) were yet to even commence implementation. We also found instances of non-fulfilment of targeted objectives of investment and employment generation for various industries, despite the rebate for land cost. A road was constructed between lands allotted to two SEZs, without ensuring feasibility of the road for public use, resulting in undue benefit of Rs.26.81 crore to the developers of these two SEZs.
- Indira Gandhi Centre for Advanced Research on Livestock Private Limited (IGCARL) intended to create a functional world class livestock research centre remained far from reality, having incurred an expenditure of Rs.236.67 crore till March 2012 as basic amenities (viz. water, power, effluent/ sewerage treatment plants) had not been made available.. The infrastructural assets created with 6.64 lakh sq. ft. of floor area were being put to limited use only as a cattle diary and for cultivation of fodder crops, rather than for research on livestock. The Bio-Tech SEZ was a non-starter.
- Multiplicity of minor Ports along the coastline, along with liberal grant of exclusive rights over large lengths of the coastline (well beyond Port Limits) has virtually rendered the majority of the State's coastline privatized. Government also facilitated mortgaging of such lands by the private developers for obtaining huge loans for project development, leaving little risk or exposure on the part of the private parties. There were deficiencies / deviations in revenue sharing and financial arrangements, as well as in the monitoring mechanism

Andhra Pradesh (Report on Jalayagnam Programme)

- A review of JALAYAGNAM programme covering 86 irrigation and flood control projects costing Rs.1,86,000 crore involving test-check of 26 major/medium irrigation projects brought out deficiencies in both planning and execution. Unrealistic planning resulted in blocking of public funds in creation of assets that would be difficult to provide intended benefits. For, the projects on rivers Krishna and Pennar were found over-designed with attendant costs as the water required for successful implementation of projects is far above the available quantity. Also, out of the 74 irrigation projects in Jalayagnam, 31 were lift irrigation schemes and in view of the high deficit and cost of power required in the State, providing the required power to operate the lifts and release water for irrigation to the farmers under all these schemes would be a huge challenge for the State Government.
- Almost all the test checked projects were taken up and contracts awarded without obtaining necessary clearances like investment clearance (24 projects) from Planning Commission, forest clearance (21 projects), environmental clearance (18 projects) from MoEF, in-principle clearance from CWC (16 projects) and R & R clearance from MoTA (14 projects).11 projects were taken up without preparation of Detailed Project Reports and four projects were taken up without even feasibility studies.
- The tendering process for EPC Contracts lacked transparency and due diligence. The qualification criteria fixed for empanelment of contractors was less stringent than that followed in conventional tendering system. Some of the contractors garnered most of the works packages, largely through cross-formation of JVs amongst themselves. Several contracts were awarded on single tender basis. In a number of cases, internal bench mark estimates used to benchmark the bid prices for award of works packages were inflated on account of higher quantities, higher costs and inclusion of exempted duties/ taxes etc. The total impact of these in increasing the IBM values in the test checked cases was Rs.3129.51 crore.
- Delay in completion of the projects, along with changes to the specifications and scope of work pursuant to detailed survey and investigation and designs, pushed up the cost of the projects by Rs.52,116 crore (September 2012). The main reason for the time and cost overrun in these projects was delay in acquiring the required land, clearances, and rehabilitation and resettlement activities. Government could not acquire

adequate land required for any of the projects on time although the original agreement periods in respect of several of these projects expired. While 9.19 lakh acres of land was required for executing the envisaged projects, Government could acquire only 5.97 lakh acres as of March 2012.

Bihar (Reports 2 & 5 of 2013)

- Revision of rates of State Excise in June 2009 without approval of the Board of Revenue led to undue benefit of Rs.112 crore to the wholesale/retail suppliers during 2009-12.
- Issuance of notification for reduction of rate of VAT from 12.5 per cent to four per cent on a commodity without the approval of the competent authority resulted into loss of revenue of Rs.43.96 crore. The rate of entry tax on stone chips, stone boulders and stone ballast was reduced on wrong premise from eight per cent to four per cent resulting into loss of revenue of Rs.20 crore.
- In six commercial taxes circles, suppression of sales/purchase turnover of Rs.42.53 crore by nine dealers resulted in underassessment of tax of Rs.18.07 crore including leviable penalty and interest. Suppression of import value of goods of Rs.219.81 crore by 12 dealers in nine commercial taxes circles resulted in short levy of entry tax of Rs.86.88 crore including leviable penalty and interest. Short realization of Rs.4.44 crore was noticed due to short-levy of Stamp duty and Registration fees on conveyance treating them as development agreements.

Chhattisgarh (Reports 3 & 4 of 2013)

- During the Khariff Marketing Seasons 2006-07 to 2008-09, MARKFED made interest payment of Rs.800.58 crore to various banks, of which reimbursement of only Rs.120.43 crore was received being in accordance with the rates prescribed in the Custom Milled Rice cost sheet. Balance interest payment of Rs.680.15 crore was beyond the norms.

- 7.43 lakh MT rice and 1.91 lakh MT wheat valuing Rs.1975.43 crore was diverted from Central Schemes to State Scheme (Mukhyamantri Khadyann Sahayata Yojana) resulting in wrong claim of Rs.899.12 crore from the Central Government.
- There was irregular construction of bungalows and commercial complex valuing Rs.182 crore on the land acquired for families of Economically Weaker Sections.

- Failure to submit audited accounts in time led to blockage of subsidy claims of Rs.760.93 crore and consequent loss of interest of Rs.186.81 crore.
- There was non-realization of stamp duty and janpad shulk of Rs.67.63 crore due to lack of co-ordination with public offices. Wrong application of rates, non-adherence to the guidelines/conditions of approval letter and non-raising of demand resulted in non-levy/short realization of cost of Compensatory Afforestation, Net Present Value etc. amounting to Rs.89.56 crore.

Gujarat (Reports 2 & 4 of 2013)

- This Report contains 73 paragraphs including one Performance Audit relating to non/short levy of tax, penalty, interest etc. (Rs.348.22 crore).
- The Coastal Security Scheme of the Central Government envisaged strengthening the infrastructure for patrolling and surveillance of coastal areas to check and counter illegal cross border activities. In selected districts, out of 50 Police Stations and Check posts completed, 36 remained non-operational as police personnel were not deployed. Satellite based vessels tracking and warning device system sanctioned at a cost of Rs.46.16 crore (May 2008) to caution fishermen before approaching international boundary was not established. The Boat Movement Token System to keep watch on fishermen/ vessels was found to be ineffective.

Haryana (Reports 1 & 2 of 2013)

- Failure of the Department to analyse the available information and institute a system of exchange of inter-Departmental database resulted in non-recovery of Works Contract Tax (Rs.283.88 crore) from unregistered works contractors. Short-recovery of Works Contract Tax (Rs.88.26 crore) was also noticed.
- Test check during the year 2011-12 revealed under assessments/ short levy/ non-levy/loss of revenue aggregating Rs.2,866.67 crore in 9,130 cases. The Departments accepted underassessment of Rs.1,765.33 crore in 6,619 cases and recovered Rs.2.67 crore in 190 cases.
- Failure of the Department to get their guidelines followed by the assessing authorities resulted in non-levy of tax and penalty of Rs.1,303.16 crore.
- As against the total receipt of Rs.634.71 crore as Cess collected for the welfare of the building and other construction workers, only an expenditure of Rs.15.11 crore was incurred during 2007-12 on the welfare schemes.

- As against the irrigation potential created over an area of 29.72 lakh hectares in the State, utilization of irrigation potential was only 21.13 lakh hectares.

Himachal Pradesh (Report 1 of 2013)

- Test check of the records of 241 units of Sales tax/ VAT, State excise, Stamp and Registration fee, Motor Vehicles, Goods and Passenger tax, Forest receipts and other non-tax receipt conducted during the year 2012-13 showed underassessment, short levy of revenue aggregating Rs.1023.30 crore in 780 cases. The concerned departments accepted underassessment and other deficiencies of Rs.779.17 crore in 516 cases and collected Rs.266.53 crore in 183 cases during 2012-13

Jammu & Kashmir (Reports 1 & 2 of 2014)

- Under the Jammu and Kashmir State Lands (Vesting of Ownership to the Occupants) Act 2001 (Roshni Act), the government had estimated resource mobilization of Rs.25,448 crore by selling 20,64,792 Kanals State land to occupants so as to raise resources for the power sector. The Rules framed by the State Government were found contrary to the intent, scope and objectives of the Act. Even after approving transfer of lands measuring 3,48,160 Kanals by March 2012, only Rs.76.24 crore had been realized against a demand of Rs.317.54 crore. In 547 cases test checked by Audit, irregular allowance of rebate/discounts in transfer price of 666 Kanals land resulted in loss of Rs.225.26 crore. Several systemic faults were also brought out by us in the implementation mechanism resulting in poor control on risk of misuse of discretionary powers. The land transfers were effected without charging Stamp Duty. Instances of free-of-cost transfer of non-agricultural lands as agricultural lands, transfer without reference to authentic revenue records, arbitrary disposal of applications, splitting of family estates and misclassification of occupants with a view to provide them excess rebate in land price, arbitrary fixation of land price and unlawful transfer of lands were noticed. Even after transfer of 3,48,160 Kanals under the Act, new encroachments were continuing unabated as area of public lands under encroachment was 20,46,436 Kanals in March 2013, as against 20,64,972 Kanals in November 2006. The principal objective of the Act, viz., raising of resources for investment in Power Sector was not achieved despite the State having transferred sizeable public lands. The Audit Report has led to initiation of Vigilance probe against erring officials.

- A review of exemption and remission of dues under the J&K VAT Act, we found irregular remission of Rs.118 crore being allowed to such industrial units which were unregistered, did not file returns of turnover, committed offences under the Act or claimed excess remission due to misclassification of goods.
- Under Pradhan Mantri Gram Sadak Yojana, Programme funds amounting to Rs.375.72 crore had been irregularly spent on the construction of 163 ineligible road projects. The work of construction of 140 projects was allotted to 33 inexperienced/ ineligible contractors at a cost of Rs.578.22 crore. Lack of due diligence in the tendering process led to unauthorized subletting of contracts in 42 projects involving expenditure of Rs.102.96 crore.

Jharkhand (Reports 1 & 5 of 2013)

- Report 1 of 2013 contains 25 paragraphs including one review relating to non/short levy/loss of tax/duty having financial implication of Rs.485 crore. Observations on Rs.311 crore have been accepted by the auditees.
- Report 5 of 2013 contains 27 paragraphs including one review relating to non/short levy/ loss of tax/duty having financial implication of Rs.633.61 crore, of which audit observations of Rs.513.04 crore have been accepted by the government. Irregularities in determination of sales/ purchase turnover of 34 dealers registered in 14 Commercial Taxes Circles resulted in non/short levy of tax and penalty of Rs.280.70 crore.

Karnataka (Report 4 of 2013)

- Despite spending Rs.1,003.33 crore on modernisation of canal system in Bhadra Reservoir Project to irrigate 9,118 hectares, about 2,132 hectares of the 'suffering' tail end area remained without water supply. Despite the recommendation of the Expert Committee to modernise only the vulnerable reaches of main and branch canals, the Company decided to modernise the entire stretch of main and branch canals without approval of competent authority. Providing Cement Concrete lining to the entire length of 103 kms of Right Bank Canal which mainly runs through rocky strata was not justified and avoidable expenditure thus incurred could not be quantified.
- Contracting was not competitive and in contravention of the Karnataka Transparency in Public Procurement Act PP Act. Limiting the tender access only to the Category-I contractors enrolled with the Company, who satisfied the prescribed prequalification criteria resulted in foregoing the competitive rates. After calling for tenders, the scope of the work was changed with increase in

quantities. Several contracts were awarded on single tender basis under the plea of urgency.

Kerala (Reports 1 & 3 of 2013)

- This Report contains 39 paragraphs including one Performance Audit on levy and collection of VAT on Evasion Prone Commodities/ Areas relating to non/short levy of tax, interest and penalty etc; involving Rs.304.66 crore. Cross verification of the information obtained from the Controller General of Patents and Trademarks, Customs Department with the data available with the Commercial Taxes Department revealed that 56 dealers had suppressed their turnover resulting in short levy of tax of Rs.211.26 crore.
- In order to overcome the difficulties of delay and high rates, the Government decided to entrust the works to PSUs as a contractor and later as a consultant. We found that these PSUs got the works executed by contractors. Test check revealed that Government had to incur loss/excess liability of Rs.104.81 crore on 128 works costing Rs.888.50 crore.

Madhya Pradesh (Report 1 of 2013)

- This Report contains 50 paragraphs including two Performance Audits relating to non/short levy of tax, interest, penalty, etc. involving Rs.247.82 crore. The Government have accepted our observations involving Rs.115.54 crore out of which Rs.34.05 lakh has been recovered.
- The arrears of Rs.288.46 crore (54.44 per cent of the arrears outstanding as 1 April 2011) in respect of 1,70,881 cases were pending for recovery for more than five years.
- Commercial Tax arrears of Rs.288.46 crore in respect of 1,70,881 cases where pending for recovery for more than five years. Departmental lapses resulted in non-realization of dues of Rs.28.44 crore in 31 cases.
- Spirit/Foreign liquor involving excise duty of Rs.875.38 crore remained unsecured as irregular export/transport was allowed by the Department without obtaining Bank Guarantee/Bond with solvent securities. Excise duty of Rs.20.25 crore on unacknowledged liquor was also not recovered.

Maharashtra (Reports 1, 3 & 5 of 2013)

- This Report contains 42 paragraphs including two Performance Audits relating to non/short levy of taxes, duties, interest and penalty etc., involving Rs.233.59 crore.

- Mumbai has many old buildings built before 1940 and the rents paid by the tenants were frozen at the 1940 rates as per Bombay Rents, Hotel and Lodging Houses Rates Control Act, 1947. Since landlords received very little rent they did not show interest in maintaining the buildings and many of them were on the verge of collapse. Mumbai Building Repairs and Reconstruction Board was set up in 1971 under the Bombay Buildings Repairs and Reconstruction Act, 1969 for carrying out repairs or reconstruction of dangerous cessed buildings. A performance audit covering the period 2007-12 revealed that out of 19,642 cessed buildings identified, the Board reconstructed or redeveloped only 1,482 cessed buildings. Delays in the reconstruction and redevelopment of cessed buildings and consequent shortfalls in meeting the targets on one hand led to dislocation of 7,872 tenants from the cessed buildings who continued to occupy the transit tenements for period ranging from one year to over 25 years, while on the other hand, 627 surplus tenements received from developers were lying vacant for more than 20 years without allotment. Issues of transparency and equity in allotment were also noticed. Poor recovery of cess and service charges impacted the finances of the Board.

- A test-check of leases granted by the State Government brought out several irregularities leading to loss of revenue, use of leased land for unapproved purposes and non-resumption of leases despite material breach of terms and conditions by the lessees. In six cases additional lease premium aggregating Rs.272.36 crore due to non-completion of construction within the stipulated period was not recovered. Fixing reserve price for lease of a plot without considering prevailing market price resulted in loss of lease premium of Rs.205.91 crore.

Odisha (Report 4 of 2013)

- General Administration Department allotted 464.479 acre land in 337 cases in Bhubaneswar city during 2000-12 to individuals, government offices, government undertakings as well as private bodies for establishment of hotels, hospitals, educational institutions and non-government organizations. Of this, 183.449 acre (39 *per cent*) land was allotted to non-Government entities. On test check of 164 (49 *per cent*) allotments, we noted that the process of allotment of land lacked a defined policy, procedure, rule or criteria resulting in arbitrary allotments. There was no uniformity in disposal of applications, sanction of concession on premium to be paid, changes in land use plan and resumption of encroached land.

Premium payable on allotment of land was last revised in 1998. In 2009, bench mark rates with reference to market rates were decided. This resulted in extension of undue benefit to allottees during 1998-2009. Despite continuous rise of land price in the capital city, non revision of peremium and non consideration of the prevailing market value of the land of the respective areas resulted in a loss of Rs.251.92 crore to Government for the period 1998-2009.

Rajasthan (Report 2 of 2013)

- Test-check during 2011-12 revealed underassessment, non/short levy of taxes and loss of revenue, failure to raise demands and other irregularities aggregating to Rs.3,119.98 crore in 47,716 cases. The concerned Departments accepted underassessment and other deficiencies of Rs.1,110.74 crore involved in 17,146 cases, of which 3,896 cases involving Rs.1,013.90 crore were pointed out by us during the year 2011-12 itself.

Tamil Nadu (Report 1 of 2013)

- Test check during the year 2011-12 revealed underassessments, short levy, loss of revenue and other observations amounting to Rs.852.86 crore in 2,330 cases. Registration certificates were issued to dealers without exercising basic/ vital checks and without obtaining PAN which was mandatory. This encouraged the bill trading activities by the dealers which was evidenced from the fact that the Department itself had identified 1,037 dealers as 'bill traders' and cancelled the RCs retrospectively.

Uttar Pradesh (Reports 1 & 3 of 2013)

- Uttar Pradesh State Industrial Development Corporation acquired 48,551 acre land against which the conveyance deed has been executed only for 27,745.588 acre land. The Corporation had not secured physical possession of 1,200.483 acre land acquired in 1993 and 2,584.292 acre land acquired during April 1999 to April 2005 in Buland Shahar, resulting in blockade of Rs.297.29 crore. The Corporation executed 248 contracts for development out of which 201 contracts were executed against short term tender notices without any justification and 33 contracts valuing Rs.63.37 crore very short term tender notices without any authorization for such tendering. Scrutiny of 40 contracts revealed that tenders were finalised by lower level staff and the Chief Engineer and Managing Director did not sign the tender documents and comparative statements and accorded approval separately on note sheets. 130 contracts were finalised by dividing the work in groups without any justification and 107 contracts awarded to the same non-performing contractors. The reserve price of five group housing plots was fixed in contravention of the rules which resulted in loss of Rs.110.10 crore. The allotment of eight Group Housing and 34 commercial plots was done against the prescribed system, which resulted in loss of additional revenue of Rs.152.29 crore at market rate which works out to Rs.24.50 crore at the circle rate.

- The UP Power Corporation Limited invited (June 2007) bids for private sector participation to finance, develop, construct, commission, own, operate and maintain 3x660MW Thermal Power Station at Bara, Allahabad and supply of power to DISCOMs for a period of 25 years. We found that the Corporation will incur recurring loss of Rs.10,831.82 crore due to finalisation of bid at higher rate for power purchase.
- We found that irregularities in the bid evaluation process finalisation of Distribution Franchisee Agreement and in the supplementary agreement for Agra city under Dakshinanchal Vidyut Vitran Nigam Limited has already caused losses to the extent of Rs.421.12 crore up to March 2012, which will lead to further losses of Rs.4601.12 crore in the remaining 18 years of the contract besides non-fulfillment of the objective of reduction of AT&C losses.
- Test check of the records of 1,356 units during the year 2011-12 revealed under-assessments/short levy/loss of revenue aggregating Rs.1,754.31 crore in 4,878 cases. The Departments concerned accepted under-assessments and other deficiencies of Rs.33.83 crore involved in 637 cases and collected Rs.3.79 crore in 326 cases during 2011-12.

IV Changes in Policies, Rules, Law and other significant changes at 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) Performance of Medical Establishments in Defence Services: (Report 18 of 2012-13 Union Government - Defence Services)

All Armed Forces Medical Services hospitals issued advisories to insert the clause of replacement not only in the RFP (Request for Proposal), but also in SOs (Supply Orders). Besides, the hospitals have also been required to obtain undertakings from the suppliers that all unconsumed stock will be replaced with new stock.

(ii) Inept execution of 'D' level repair and maintenance facilities at Hindustan Aeronautics Ltd. (HAL): (Para 2.8 of Compliance Audit Report 18 of 2008-09)

Government while sanctioning the creation of 'D' level radar repair facilities at HAL at a cost of Rs.89.27 crore failed to ensure that HAL passed on the benefits accruing as a result of reduced project cost and a strengthened Rupee. During the course of project execution, HAL was also able to enjoy unearned advantages to the extent of Rs.9.37 crore in respect of profit substantial advantages, and non-imposition of liquidated damages.

At our instance, Rs.5.84 crore has been recovered from HAL due to appreciated value of Rupee (ERV) leading to a lower project cost and the resultant reduced profit element and noted for reference while dealing with such cases in future.

(iii) Performance of Medical Establishments in Defence Services: (Report 18 of 2012-13 Union Government - Defence Services)

1. Advisory issued to all the AFMS hospitals for proper planning, procurement and timely distribution of drugs/medicines to minimize overstocking and their resultant expiry;
2. Standard Operating Procedure (SOP) on Quality Assurance of Drugs in accordance with the Drugs & Cosmetics, Act; 2008 is being revised;
3. Proposal initiated for modernization of 46 Military Hospitals (MHs) and for MHs not covered under modernization, the deficient storage accommodation being addressed through inclusion of works in AMWP-2014-15. To make up for the deficiency of 1484 medium ambulances, proposal for 1325 was stated to be under process;
4. A case for revised Scaling Pattern of staffing of ECHS and revision in authorization of contractual employees was stated to be under consideration in MoD in consultation with Ministry of Finance;
5. Management Information System (MIS) being installed in all the ECHS PCs to monitor receipt, payment, expenditure and balance stock of medicines. Besides, certain policies are stated to have been put in place by the DGAFMS for streamlining of Medical store supply chain to ECHS beneficiaries;
6. A revised empanelment (of other hospitals) procedure laid down by Government of India with stress being laid on empanelment of hospitals in unrepresented areas, renewal of MoA's with hospitals not signing MoA's and encouraging CGHS empanelled medical facilities to empanel with ECHS.

IV B State Audit

(i) Andhra Pradesh & Telangana: Audit Report on General and Social Sector for the year ended March 2013 (Report 1 of 2014)

Implementation of Social Security Pension Schemes

- Government assured institution of necessary financial controls and addressing of infirmities through linkage to Aadhar.

(*Para 2.4*)

- Government assured strengthening of validation controls at input level and integration of multiple databases available with the Department.

(*Para 2.5.1*)

Implementation of INDIRAMMA Housing Scheme

- Government assured initiation of corrective action on database errors.

(*Para3.4*)

- Government assured the development of a logistics software to establish a co-relation with physical stock and generation of CRO.

(Para *3.7.2.3*)

Functioning of Civil Supplies Department

- Government assured evolving of a foolproof mechanism for regular verification of ration cards and weeding out of bogus rations cards.

(*Para 4.6.1.3*)

- Government assured computerization of PDS operations to bring about transparency and reconciliation in allotments and distribution.

(Para *4.7.2*)

- Government assured that all Collectors were directed to conduct periodical inspections to ensure that PDS rice and other essential commodities intended for distribution to poor were not misused/diverted.

(Para *4.7.3*)

Implementation of Indira Awaas Yojana (IAY)

- Government assured that all ineligible cases would be sorted out within a couple of months and recovery initiated by imposing Revenue Recovery Act.

(*Para 5.2.6*)

(ii) Tamil Nadu Power Finance Corporation Limited

Non adherence of RBI guidelines in the premature closure of a deposit of Rs.250 crore deposited by the State Industries Promotion Corporation of Tamil Nadu Limited resulted in loss of Rs.5 crore. Based on our observation, the company accepted to include a suitable clause in future agreements.

(iii) Jharkhand (Report 2 of the year 2013-14)

(**Para no 2.3.8.1**): On the basis of audit observations for rural piped water scheme without house connections, the Department has issued (September 2013) an order that any schemes would not be considered as completed unless 50 per cent households would have been provided with domestic water connections.

Para no 3.4.9: On the basis of our observations, the State government sanctioned (June 2013) 564 posts of Specialist Doctors in the State.

(iv) Gujarat State Road Transport Corporation: Improper evaluation of bids

We observed that the price comparison amongst the three firms was not on a uniform footing as the cash discount offered by Firm A and Firm T was considered for arriving at their net price but the credit period of 30 days offered by Firm V was not considered. While comparing the net price of the three firms, the prices should have either been compared without considering the cash discount or the estimated savings in the interest cost due to the credit period should have been reduced to arrive at L-I cost. Due to this, the Corporation paid the same price to the three firms but got a credit period of 30 days only from Firm V. As the net price offered by the Firm A and Firm T had already reckoned the cash discount, they did not give any credit period and the payments were made against the delivery of chassis. The Corporation, therefore, lost interest on the credit period of 30 days not availed from Firm A and Firm T. The Management/Government (September 2013) accepted the fact and the Corporation while inviting the fresh tenders (October 2013) has rectified the payment term to correct the anomaly.

(v) Haryana: Irregular disbursement of discretionary grants (Inspection Report 2012-13 of Secretary to Governor, Haryana)

Haryana Discretionary Grants (Regulation of Expenditure) Rules 1969 have been amended vide notification dated 13 August 2013. Rule 3 and 4 (2) of these Rules amended vide above notification.

(vi) Punjab: Undue favour to Housing Promoter

In acceptance of our observations GMADA has executed a revised agreement on 19.11.2013 with promoter under which the developer is liable to pay interest and penal interest accrued on notionally adjusted amount of External Development Charges till the time of announcement of award of Land Acquisition Collector (LAC). The revised agreement supersedes the agreement entered on 14.01.2013.

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 2014:

	ATNs awaited at the end of 31 March 2014	ATNs settled during the year 2013-14
Union level	**1014**	**1196**
State Level	**11405**	**1089**
Total	**12419**	**2285**

Chapter 4

Key Results and Achievements – Accounts and Entitlements

Article 149 of the Constitution prescribes the duties and powers of the Comptroller and Auditor General of India in relation to the accounts of the Union and States. Currently, we are responsible for compilation and preparation of accounts of State Governments, maintenance of GPF accounts and authorization of pension payments of State Government employees. Accordingly, the key outputs are Monthly Civil Accounts, Finance Accounts and Appropriation Accounts. The key focus areas of this wing and the achievements during the year 2013-14 are discussed below.

I Innovations and Initiatives

PAG (A&E) Odisha

1. **E-reconciliation**: In view of computerization of accounting activities both in AG and Treasuries, e-reconciliation of departmental figuresreplacingthemanualreconciliationisbeingintroducedinassociation with state Govt. This will ensure timely reconciliation of expenditure.

2. **GPF e-statement** (a) GPF e-statement and push SMS service have been launched for all the subscribers of state Govt. of Odisha on 5.10.2013, which is accessible through AG (A&E) office website http://www.agodisha.gov.in. The subscriber can view/download/print the statements after registering. Apart from this the subscribers can get their monthly updates via SMS as soon as their subscription or withdrawal is posted by this office. No physical Account Statements are required to be issued in favour of the subscribers. With this facility the subscriber can know GPF balance on monthly basis, which was previously possible only at the end of the year. As an added facility the DDOs have also been provided with user id and password to view/download/print the subscribers' accounts under their payment control to verify the genuineness of the statements. As a security measure the statements have also a scanned signature affixed on them. The Annual data for 2013-14 was uploaded on 30/06/2014, which is one month ahead of the target date fixed by the Headquarters, every year.

3. **Digitization of Pension Payment Order register**: The old PPO registers are in dilapidated condition. Hence a cell has been formed to digitize manual pension data upto 1998 which were noted in pension registers. This amounts to be

approximately 1.7 lakh. The work is in progress and scheduled to be completed by end of December 2015.

4. **Electronic data base of HBA:** Identification of Loanee details prior to computerization of LTA (HBA) period was a difficult task as numbers of manual broadsheets were referred to. To overcome the difficulties, it is being entered to create an electronic database of HBA. Similarly MCA details shall also be taken up after completion of HBA details.

AG (A&E)-I Uttar Pradesh

1. Willing subscribers have been provided facility of getting upto date status of their GPF account through **SMS alert service.**

2. Status of online complaints, Final Payment/Reconciliation Cases received in the office can be **tracked on line.**

3. GPF **software upgraded** from 8 (i) to 11 (g) resolving the problem of slow speed of server.

4. **FP Module** has been implemented and all the Final Payment/Reconciliation cases are being processed through it.

AG (A&E) Tripura

1. **SMS to registered subscribers**: The employees get updated details of the monthly deposit, withdrawal, annual status and opening & closing balance through SMS facility.
2. **Online GPF information:** Subscriber can view and take hard copy of the Annual GPF statement online by using his/her PIN allotted by this office and GPF Account number.
3. **Online GPF final payment information:** Updated information relating to GPF final payment processing is disseminated online to all retired employees applied for final payment.
4. **SMS to Pensioners:** Those who are providing mobile number along with their pension proposal are getting status of their pension cases processed on their mobile.
5. **Web Based online grievance registration system:** Any person having grievance with any Entitlement function (GPF & PENSION) discharged by the AG(A&E) can record his/her grievance online.

AG (A&E) West Bengal

1. Pay Slips are generated from GEMS (Gazetted Entitlement Management System) software, developed by NIC (National Informatics Centre), to take care of the entitlement functions of around 50000 Government Gazetted Officers of state government spread over six domains viz. AIS Officers, UGC/AICTE, Governors/Ministers/Personal Staff, Kerala PSC Members, Judiciary etc. The implementation of the software was commenced domain-wise from February 2013 onwards. In addition to the modules for processing pay, leave and pension cases, Static Reference Module is also provided for having an easy access to relevant rules, important Government Orders, Circulars with reference to the gazetted entitlement benefits. The development and testing of the Voucher Posting Module has been completed recently and processing in the module is expected to be commenced by the end of this year.

2. Another important feature of GEMS is the provision for SMS communication to the Gazetted Officers through the SMS gateway of the State Govt. This utility was formally launched during the visit of the CAG of India on 26th December, 2013.

PAG (A&E) Karnataka

Funds Group

1. Migration of accounts from Oracle 8i to Oracle 11g platform was successfully completed during 2013-2014.

2. Integration of all the three different software packages viz. FoxPro, Oracle 8i database into Oracle 11g is in the final stages.

II Our Accounts Performance

II A Work plan of Accounts Wing

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

1. Monthly civil accounts;
2. Finance and Appropriation Accounts;
3. Accounts at a glance;
4. Various MIS reports to State Government including Report of 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) at the level of the DAI (GA).

II B Timeliness

27 Accounts offices of the IAAD were due to render monthly accounts to the State Governments. While 16 Accounts offices were able to render monthly civil accounts on time, there were delays in submission of monthly civil accounts by 11 Accounts offices. Out of 351monthly civil accounts due to be rendered during the year, 250accounts were rendered in time, whereas 101 accounts were delayed. Delays occurred mainly in the Accounts offices in the six North Eastern States and three States from Central Region due to late receipt of accounts from the treasuries/divisions/other account rendering units of State Government, staff shortage, technical problems of software and hardware and difficult/poor road connectivity.

II C Completeness

91.17 *per cent* of the monthly civil accounts rendered were complete in all respects. 23 out of 27 Accounts offices rendered complete monthly accounts to the State Governments. In four Accounts offices monthly accounts rendered were incomplete as treasuries had been excluded from the monthly accounts due to late receipt of accounts from treasuries etc.

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 government, staff shortage and technical problems of software and hardware. Delays in rendering of accounts by treasuries are sometimes attributed to difficult and poor road connectivity also. Exclusion of Treasuries/divisions from accounts was due to late receipt of accounts from the departments.

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 99.53 *per cent* of the planned treasury/sub-treasury inspections. State Governments accepted 59.76 *per cent* of the recommendations made by us as detailed below:

Description	No. of inspections planned	No. of inspections carried out	Inspection reports issued	Recommendations made	Recommendations accepted
Treasury	1078	1079	1053	1444	863
Sub Treasury	1049	1038	848	-	-
Total	**2,127**	**2,117**	**1,901**	**1444**	**863**

III A Major Findings of Treasury Inspections during 2013-14

We noticed deviations in compliance to financial rules impacting financial management of the States for example delay/ non-submission of Abstract Contingent (AC bills/DC bills), excess payment of pensionary benefits, 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-payment of GPF final payment authorities within the prescribed time period, crediting of Government receipts to Personal Ledger Account instead of Consolidated Fund of State, non-provision in the system to exclude minus balance in computation of final interest of GPF accounts, non-provision to compute the penal interest on minus balance in respect of GPF balances, non-recovery of quarters' rent, rush of expenditure at the fag end of the year, balance in Personal Deposit accounts inoperative for more than 3 years not credited to Revenue Deposit, Excess storage of stamps against requirement 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 4,69,393 pension and revision cases. The average time taken for finalization of a case ranged from 25 days (Andhra Pradesh and Meghalaya) to 65 days (Tripura). While there were no delays in processing pension cases in 12 offices, average delays ranged from 3 days to 15 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, staff shortages 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

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 2013-2014, we maintained 37,71,013 GPF accounts through 23 A&E offices. Accounts slips in respect of 36,42,984 GPF accounts (96.6 *per cent*) were issued in time.

No. of GPF accounts maintained during 2013-14	No of accounts slips issued in time
37,71,013	36,42,984

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 some of the initiatives taken by some of the Accounts and Entitlement offices.

V A Maharashtra-I:

Conceptualized, Developed & Automated Work flow based GPF Entitlement Management System (GEMS) for the GPF final payment authorization and correspondence, Hosted facility to download GPF slips on Office website and SMS service conveying authorization of GPF & Pension to subscribers and Pensioners Implementation of GEMS resulted in qualitative improvement of work and through

MIS reports effective monitoring of progress/pendency of work resulted in taking timely corrective action. Integration of GPF posting at the time of capturing voucher details has resulted in substantial reduction in accretion of Part want/Full want items. IFMS: Interface developed for receipt of electronic Pension paper data & its integration with SAI Pension application. Electronic Pension data from the State government is awaited.

Digitization of all the ledger cards of about 25 lakh pages prior to computerization period (1993-94) has been undertaken.

A facility has been developed for the CCOs/DDOs for on line Reconciliation of expenditure on office website.

Other Proactive Measures taken by hosting of AC/DC Bills, Missing credits/Unposted GPF subscription.

V B Maharashtra-II:

During this period, five "Pension Adalat" programme were arranged in coordination with the District Collector at the Collectorate Nanded, Wardha, Parbhani, Amravati and Aurangabad. In addition, in coordination with the Zilla Parishad, Nagpur, one day "Workshop on Pension Process" was held for Education Officers of all the 19 Districts. All these functions were well received. In these programme, the need for submitting the Pension Cases to A.G. Office in complete shape before six months of the date of retirement of the government servant, is emphasized. Further, through Audio Visual Presentation in the local (Marathi) language the steps to be taken as to how to prepare the Pension cases and its submission to A.G. Office, has been explained in detail.

A new GPF Final Payment Module has been developed In-house. The indexing of FP cases, Interest Calculation and Final Payment Authority is being generated from the VLC GPF system on pre-printed stationery.

V C Haryana:

Grievances Cell working under the direct control of Accountant General to redress the Grievances within two days and complaints are cleared only on final disposal to the entire satisfaction of stakeholder. As a result of which receipts of complaints has been negligible.

List of subscribers going to retire within 6 months is sent to the department in advance with a view to enable them to send the case of GPF final payment well in advance of payments.

Authorities of final payment cases are issued well in advance in about 70% cases ahead of retirement. In 98% cases payments are authorized within one month of receipt of complete case.

Status of final payment cases is being updated on website.

V D Tripura:

Office is disseminating State Government employees: (i) SMS to registered subscribers, wherein employees get updated details of the monthly deposit, withdrawal, annual status and opening & closing balance through SMS facility. (ii) Online GPF information, wherein subscriber can view and take hard copy of the Annual GPF statement online by using his/her PIN allotted by this office and GPF Account number. (iii) Online GPF final payment information, wherein updated information relating to GPF final payment processing is disseminated online to all retired employees applied for final payment (iv) SMS to Pensioners, wherein those who are providing mobile number alongwith their pension proposal are getting status of their pension cases processed on their mobile (v) Web Based online grievance registration system, wherein any person having grievance with any Entitlement function (GPF & PENSION) discharged by the AG (A&E) can record his/her grievance online.

V E Uttarakhand:

Developed GPF Interface in May 2013, which is a major achievement of office. GPF Interface is used for read only access from State Government Database.

Advantages of using GPF Interface are: (i) Increased working speed (ii) Increased Accuracy (iii) Reduction of Part want/Full want (iv) Reduction of Unposted Items (v) Reduction of Missing Credits (vi) Manual data entry is not required any more. (vii) Delay in receiving schedules has no adverse effect on the working pace.

A facility for the CCO's/DDO's has been developed for on line reconciliation of expenditure to reconcile the expenditure online on office website.

V F Karnataka:

In fund group migration of accounts from Oracle 8i to Oracle 11g platform completed during 2013-2014 and integration of three different software packages viz. FoxPro, Oracle 8i database into Oracle 11g is in the final stages.

In GE group, computerization of GE function commenced the by customizing the GEMS software developed by NIC from office of the PAG (A&E), Kerala.

Action to host the details of balance of leave of Gazetted Officers served by this Group on the office website and on HRMS of State Government concerned.

V G Meghalaya:

The pensioner's grievances (if any) directly addressed by the Branch Officer/Group Officer of the Pension online Grievance Cell. A Grievance Box is placed at Ground Floor of the office building. Further Group Officer is personally hearing grievances of Stake Holder on every Thursday as a result there is no complaint and the Stake Holders are satisfied.

In order to bring transparency in Gazetted, Pension and GPF function the office has started hosting the status of processing of Pension, GPF and Pay slip cases on the office website on a monthly basis. Three status reports are hosted under each Function. The first report is about the cases finalized during the month with details such as date of receipt, date of finalization, date of collection etc. By providing these details it is ensured that cases get dispatched and the clients are able to track their cases. The second report contains those cases which have been returned to the office/department due to want of information/department. This has enabled the concerned clients to become aware of the Status of their cases and also enabled them to pursue their cases with their respective office. The third report contains a list of the cases which are under process.

V H Chhattisgarh:

The office has hoisted the GPF accounts slips of the subscribers in the official website of this office for the last 11 years and during the year 2013-14, both the hard and soft copies are provided to the GPF subscribers, so that every subscriber can instantly assess their balance in the GPF and download the same as per their requirement.

The office has introduced Online Grievance Redressal System facilitating the subscribers to address this office directly to resolve the GPF related problems. Such grievances are disposed of by this office on priority basis and the complaints are replied to within a month.

Due to the above measures adopted by this office, the number of complaints has been significantly reduced.

V I Uttar Pradesh-I:

In Fund Wing, willing subscribers have been provided facility of getting upto date status of their GPF account through SMS alert service. Status of online complaints, Final Payment/Reconciliation Cases received in the office can be tracked on line. FP Module has been implemented and all the Final Payment/Reconciliation cases are being processed through it.

V J Nagaland:

SAI pension package implementation in this office has provided the option to the pensioners for online complaint registration. Complaints are accommodated /received through e-mail ID of the Branch Officer & Group Officer. This is the ICT based grievance redressal solution for pension. A public grievance cell is established for GPF and GE sections under direct control of the Group Officer where complaints/grievances are received.

V K Assam:

A PRG Cell has been opened wherein the pensioners/family pensioners are provided with the status of their Pension/Family Pension cases and other entitlement related grievances. Month-wise disposal status of Pension/Family Pension/Final Payment of GPF is being published in all leading newspapers including vernacular dailies from August 2013 and also in the website of office. Monthly settled pensions and Final Payment of GPF cases are also hosted in the office website. Facility for online registration of compliances is also available on this site. To settle the Pension Cases/Family Pension Cases expeditiously, some guidelines for submission of these Cases have been sent to all the Commissioners and Head of the Department on 28.02.2013 and published in the Assam Tribune newspaper on 12.03.2014.

A press release was issued on 22.07.2014 informing all Drawing and Disbursing Officers, Treasury Officers, & GPF subscribers of the Govt. of Assam about the procedure for clearance of missing credits.

V L Kerala:

Pay Slips are generated from GEMS (Gazetted Entitlement Management System) software, developed by NIC to take care of the entitlement functions of around 50,000 Gazetted Officers of State Government spread over six domains, viz., AIS Officers, UGC/AICTE, Governors/Ministers/Personal Staff, Kerala PSC Members, Judiciary etc. The implementation of the software was commenced domain-wise from February 2013 onwards. In addition to the modules for processing pay, leave and pension cases, Static Reference Module is also provided for having an easy access to relevant rules, important Government Orders, Circulars with reference to the gazetted entitlement benefits. Another important feature of GEMS is the provision for SMS communication to the Gazetted Officers through the SMS gateway of the State Govt. This utility was formally launched during the visit of Hon. CAG of India on 26th December, 2013. However, the benefit is now restricted only to limited number of officers due to non-availability of the mobile numbers of all the Gazetted Officers.

V M West Bengal:

Laptops have been provided to the Treasury Inspection Parties each w.e.f. 1.4.2013 with insertion of 3 years' Treasury Inspection Reports for benefit of the party. Annual meeting with Treasury officers introduced. Proactive steps taken are (i) meeting with Finance Department and Directorate of Treasuries & Accounts of the State Government (ii) formation of Special Treasury Inspection Party for taking up the issue with the Treasury Officers (iii) raising the points in the Entry Conference held on 21.6.2013 and (iv) holding of Video Conference with Departments.

All sections have been brought under the purview of SAI Pension project. This has resulted in dissemination of information to pensioners from a single window and better case monitoring by superior officers.

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

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

IA IGAS notified

Up to March 2014, following three IGASs have been notified:

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

IB IGAS under consideration of Government

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

- IGAS 7 on *Foreign currency transactions and loss or gain by Exchange Rate Variations*
- IGAS 10 on *Public Debt and Other Liabilities of Governments: Disclosure requirements*
- IGAS 9: *Government investments in equity* **(**approved during the 29th Board meeting held on 25 September 2013**)**
- IGAS: *Cash Flow statement* (to be renumbered)

IC IGFRS under consideration of Government

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

- IGFRS 1: *Presentation of Financial Statements* **(**approved during the 29th Board meeting held on 25 September 2013**)**

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

II Audit methodology and guidance:

II A Creation of Technical Board for Professional Practices:

Technical Board for Professional Practices has been constituted to consider issues in the areas of audit and accounting policy and their implementation that may be necessitated in view of the changes in the auditing environment, expansion of audit arena, emerging audit methodologies and emphasis on adapting International Standards for Indian Audit and Accounts Department. A consultative approach is being followed by inviting comments and suggestions from all stakeholders before issues are discussed by the Board.

II B Revision of Audit Quality Management Framework(AQMF):

An AQMF, identifying the policies, practices and guidance on the six broad parameters of quality management, viz., Leadership and Direction, Ethical Requirements, Human Resource Management, Audit Performance, Client & Stakeholder Relations and Continuous Improvement to be kept in mind while carrying out various types of audits, has been issued for ensuring compliance with auditing standards, in particular the INTOSAI Auditing Standards, ASOSAI guidelines and applicable legislative requirements.

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:

- **Interaction with audited entities**

  The guidance note prescribes the stage of interaction during audit process. The objective was to build and sustain professional working relationships with the audited entities, ensuring an effective interaction and involvement of the audited entities in the audit process.

- **Confidentiality of audit reports**

  The Guidance note emphasized the issue of maintenance of confidentiality of the Audit Reports and protocols to be followed to prevent leakage of audit reports prior to its tabling in the Parliament and the State Legislatures.

- **Types of Audit Terminologies**

  The guidance note highlights the importance of usage of correct audit terminology for defining types of audits such as Financial Audit , Compliance Audit and Performance audits and avoiding usage of alternative terminologies like Thematic audits, CCO based audits or District audits, while preparing Audit Plans or in the structure of the Report, in the interest of professionalism and clarity.

II D ISSAI Compliance Assessment Tool (iCAT):

The Department has decided to adapt International Standards for Supreme Audit Institutions (ISSAI). CAG of India as an active partner in development of ISSAIs has undertaken ISSAI Compliance assessment on its performance auditing function and the financial auditing function during the year 2013-14.

As a part of this assessment, the assessors compared the practices prevalent in the Department against the criteria prescribed in the iCAT. The findings of the iCAT assessment have been suitably addressed in the revised performance auditing guidelines and in the exposure draft of Financial Attest Audit Guidelines- States Government Accounts.

II E Standardized TOR of ADB Project

As a part of streamlining the process of audit of Externally Assisted Projects (EAPs), after standardization of TOR of World Bank assisted Projects, the issue of standardization of TOR for audit of the Asian Development Bank (ADB) assisted projects was considered. Now, audit certification of all new ADB assisted projects would be undertaken keeping in view the provisions contained in the standardized TOR.

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.

III A 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 2013-14, 13 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 Additional Deputy Comptroller & Auditor General of Inspection

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

Inspection

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

During the year 2013-14, 31 main offices (A&E-16, Audit-4, Central-2, Member Audit Board-1, and Training Institutes-8) were inspected by utilizing 275 party days.

Number of Inspections planned	Number of Inspections carried out	Number of Recommendations made	Number of Recommendations implemented till August 2013	Compliance Percentage
33	31	1639	686	42

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.

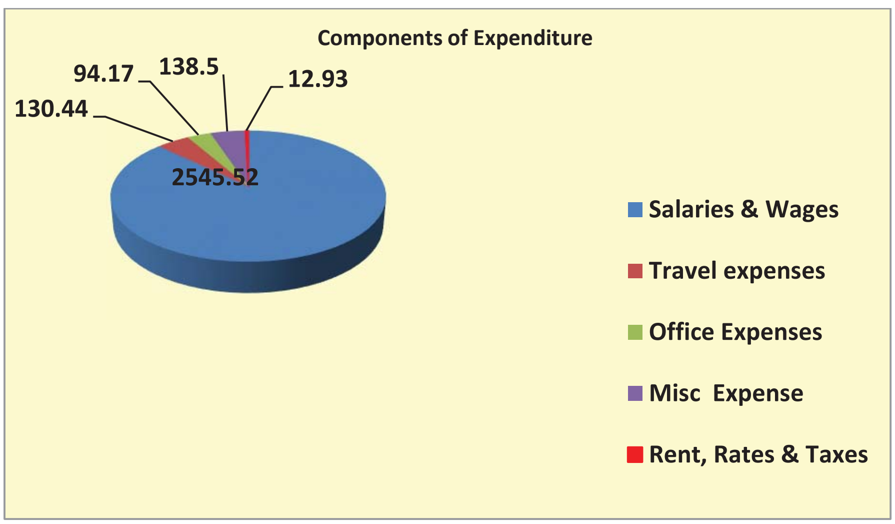
I Our Financial Management

We spent Rs.2921.56 crore in 2013–2014. Component wise details of expenditure are given below:

I A Components of Expenditure

We spent 87.13 *per cent* of our resources on 'Salaries' and wages and 4.46 *per cent* on 'Travel'. Thus 91.59 *per cent* of total expenditure was incurred directly on our human resources.

(Rs. in crore)



I B Expenditure pattern on functional basis

All expenditure on IAAD, except the expenditure of CAG's office and UN Audit Unit, is voted. Civil Audit Offices accounted for largest share of expenditure followed by Civil Accounts Offices. Overall we spent about 61.61 *per cent* on Audit (excluding Headquarters). The total expenditure on the Civil Accounts Offices was approximately 33.77 *per cent*.

Categories of offices	Actual Expenditure (Rs. in crore)	Percentage of Expenditure
Headquarters office	95.12	3.26
Overseas Audit offices	24.57	0.84
Civil Audit Offices	1,357.26	46.46
P&T Audit Offices	85.74	2.93
Railway Audit Offices	160.08	5.48
Defence Audit Offices	58.58	2.01
Commercial Audit Offices	113.69	3.89
NAAA Shimla	10.46	0.36
iCISA, NOIDA	1.71	0.06
Regional Training Institutes	14.75	0.50
Department Canteen	11.61	0.40
Civil Accounts offices	986.71	33.77
UN Audit	1.28	0.04
Total	**2921.56**	**100**

I C Allocation of Resources for Audit

Budgetary allocation for audit on auditing functions

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

Total budget for conducting Audit was Rs.1,805.08 crore against combined budgeted revenue and expenditure of Union & State Governments of Rs.55,28,022.62 crore during 2013-14. Expressed as percentage, the expenditure on audit was only 0.033 *per cent* of total of the revenue and expenditure of Union and State Governments for 2013-14. The above figures of expenditure do not include transactions of the Central and State public sector undertakings, autonomous bodies, bodies substantially financed by government grants, loans, and public debt transactions of the Union and State Governments, which are also audited by the CAG.

II How we manage our Human Resources

Our people are our key assets as we are a knowledge based organization. ISSAI 40 prescribes that the SAI should establish policies and procedures designed to provide it with assurance that it has adequate number of competent and motivated staff to discharge its functions effectively. Some significant developments during 2013-14 included the following:

- Optimal staffing in the field offices continued to be the main focus of the Staff Wing during 2013-14. Requisitions placed with Staff Selection Commission for direct recruitment to the posts of Divisional Accountants, Auditors, Accountants & Data Entry Operators materialized during 2013-14. This resulted in addressing the deficiency in Group 'C' cadre to a great extent.
- Consultants were allowed to be appointed on specific requirement basis, so that the working in the field offices is not affected due to shortage of staff, if any.

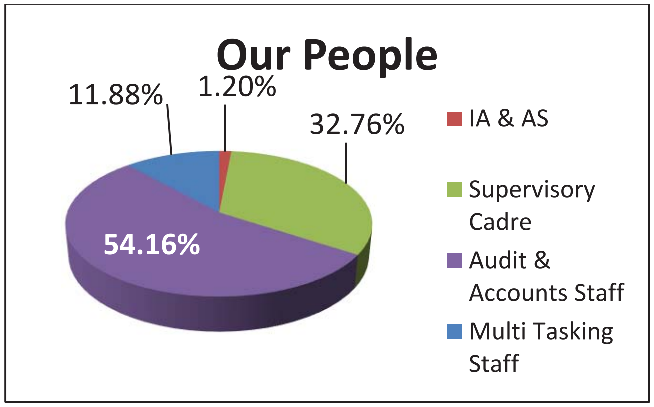
III Our People

Our manpower is broadly classified into four categories:

Category	Numbers
IA&AS	580@
Supervisory Cadre	15770
Audit & Accounts Staff	26,072
Multi-Tasking Staff	5,717
Total	**48,139**

@ Besides these 580 IA&AS officers working in the Department, there are 114 IA&AS officers on deputation.

There are about 33.96 *per cent* people at different managerial and supervisory levels in IAAD and 54.16 *per cent* constitute audit and accounts staff. Only 11.88 *per cent* (MTS) of the total strength works in a purely support function. As against sanctioned strength of 68,374 only 70.41 *per cent* staff is presently working in the Department. We recruited 6001 people in the category of Audit & Accounts Staff during the year. This helped in mitigating the deficiency to a large extent.



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

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

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

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

IV Qualifications

Our officers and staff in Group 'B' & 'C' cadres are well qualified. We have 111 doctorates, 1012 professionally qualified personnel, 4983 post graduates and 28,933 graduates in these cadres.

The IA&AS consists of twelve doctorates, 236 professionally qualified[4] officers, 302 post graduates and 143 graduates.

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

V Recruitments

We recruited 6,021 persons in 2013-14. The largest number of recruitments (6001) took place in the Audit and Accounts staff category. We recruited 99.67 *percent* people in Audit & Accounts Staff category.

VI Gender Balance

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

Category	Women	Men	Per cent age)
IA & AS	171@	523@	24.64
Supervisory Cadre & Audit/ Accounts Staff	7579	34263	18.11
Multi-Tasking Staff	774	4943	13.54
Total	**8524**	**39729**	**17.67**
@ including 114 IA&AS officers on deputation			

VII Staff Associations

We have 228 staff associations and 5 All India Federations representing audit and accounts staff and supervisory cadres. During 2013-14, 14 meetings were held with apex level Federations. State level meetings were held by the PAsG/AsG with the concerned field level Service Associations.

VIII Professional Capacity Development

The C&AG of India presents about 150 Audit Reports every year to the Parliament and State Legislatures. We have about 48,000 personnel serving SAI India in different capacities. To enhance the audit skills and update the domain knowledge of the employees at large, the training structure of the department comprises National Academy of Audit and Accounts at Shimla for training the IA&AS Officers, International Centre for Information Systems and Audit, Noida for training participants from the SAIs from all over the world. We have nine Regional Training Institutes and three Regional Training Centres engaged in capacity building of supervisory cadres and audit and accounts staff. International Centre for Environment Audit and Sustainable Development set up at Jaipur for conducting specific courses in the field of Environment Audit was inaugurated in May 2013.

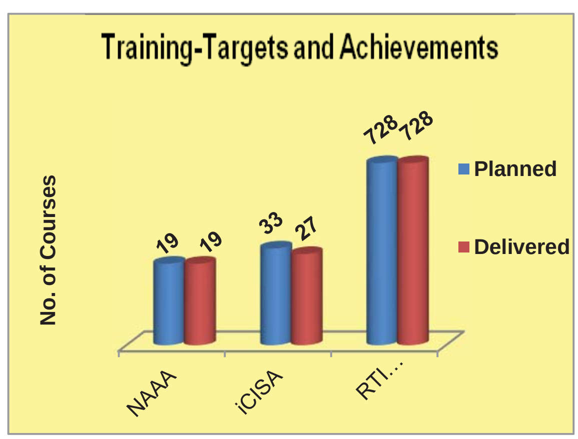
IX Training of newly recruited officers

Direct recruit IA&AS and Direct Recruit Assistant Audit Officers (DRAAO) undergo extensive induction and professional training before they are confirmed in service. The IA&AS officers undergo training for a period of 104 weeks. This training includes a 15 week foundation course, professional training of 70 weeks in two phases, study tour of three weeks and on the job training of 16 weeks (enhanced to 19 weeks from 2012-13 based on CTAC committee decision). The officers are required to pass departmental exams (Part 1 and Part II) before they are confirmed in service. Officers who join the IA&AS on promotion or through lateral recruitment, also undergo induction training at National Academy of Audit & Accounts, Shimla (NAAA) for a period of three weeks.

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

X In-service Training

Officers and staff in our organization are extensively trained in accounts, audit, administration, management and IT. Courses are organized to implement new methodologies and update our human resources with current practices. Besides training conducted by the 12 training institutions in the Department, every field office is also required to conduct in-house training to take care of the specific training requirements of their people. While NAAA, Shimla achieved the target of conducting 19 courses, RTIs also achieved the target of conducting 728 courses, NAAA, Shimla trained 450 IA&AS officers and RTIs trained 12,786 people during the year; iCISA, Noida trained 803 people. Field offices also organized in house training programs of short duration to meet office specific requirements of capacity building.



XI Centres of Excellence

Each RTI/RTC in IAAD has been designated as a Centre of Excellence for the subjects allotted to them. As Centres of Excellence the RTIs develop structured training modules, case studies and other reading material with special emphasis on designated areas of specialization. They also conduct workshops and seminars on specific areas of specialization. Following are defined areas of excellence for different Institutes during the year 2013-14:

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

XIII International Centre for Information Systems and Audit

The International Centre for Information Systems and Audit (iCISA) became operational in April 2002. The centre has been developed to impart quality training, both national and international, and as a centre for excellence in information systems and audit of information systems. Apart from IT training, programmes in different areas of auditing are also being conducted.

Training activities:

International Training programmes are conducted under the Government of India's scholarship programmes viz. 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 as follows:

- 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. iCISA organizes customized training programmes for international participants.

Apart from International Training programs, iCISA also organizes national training programs for IA&AD officers and also those of other services/departments like IAS, IFS, Defence Officers, Lok Sabha and Rajya Sabha Secretariat.

Training programmes conducted during 2013-14:

International Training programmes:

- ITP on Environment Audit
- ITP Audit of Public Sector Enterprises
- ITP Auditing in IT Environment
- ITP Performance Audit
- ITP Audit of Social Sector Schemes
- ITP Financial and Regulatory Audit
- Special Course on 'Compliance Audit' for SAI Afghanistan

Customized training programmes for officers of other Central Government Departments:

- Course on "Performance Audit " for Officers from Indian Administrative Service.
- Training Programme on "Financial Management" for DANICS Officers.
- Training Programme on "Audit Methodology" for Officers of the Uttarakhand Government.

- Training Programme on “Financial Management & Audit Sensitization” for Officers of the Ministry of Environment & Forest.
- Training Programme on “Financial Management and Audit Sensitization"
- for officers of ICAR

Regular in-service training programmes for officers of IA & AD 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 Network Security and Management – Red Hat Linux only for Accounts
- Training Programme on Auditing in IT Environment
- Training Programme on Audit of e Governance
- Audit of Social Sector Schemes

XIII International Center for Environment Audit and Sustainable Development

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

(i) Capacity building through training.

(ii) Knowledge dissemination and sharing.

(iii) To be a Centre for Environment Policy Research.

(iv) To offer professional certification on Environmental studies.

iCED, Jaipur is housed in a green building as a host of features have been incorporated in its design and construction to reduce its carbon footprint. It was inaugurated in May 2013 by the Vice-President of India, Shri Hamid Ansari.

XIV Publications

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

A 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 the new policy initiatives and news from the international desk. First Edition of the journal was released in November 2013.

XV How we use Information Technology?

Information Systems (IS) Wing acts as a facilitator for computerization of by various functional wings. It is responsible for maintaining CAG Website, CAGSPS (Intranet) and other related websites. Other initiatives include digitization of manuals/publications/rule books; Virtual Private Network (VPN) including 5 services, *i.e.,* Video Conferencing, Voice over Internet Protocol (VOIP), Fax, internet and e-mail in 184 offices; implementation of e-payment in PAOs of IAAD.

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. Implementation of the project in all DDOs of IA&AD (about 180) has been approved in three phases. Phase-I will be implemented during the financial year 2014-15.

4. Project for development of GE software for Kerala was implemented. The GE package is already 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. Internet and E mail services were provided to all IAAS officers during this period.

6. All the hardware and software requirements of field offices were met within the financial constraints of budget available.

7. IDEA software licenses have been procured and distributed among the field offices. Training of trainers on IDEA 9.1 software has also been imparted.

8. Video Conferencing (VC) is being successfully carried out in the department using a technology called Vidyo over the public internet. About 10 VCs have been conducted since July this year.

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

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

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

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

XVI Our efforts to promote Rajbhasha

XVI A Publications

We published four issues of quarterly magazine of Rajbhasha, "Lekha 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 13-09-2013 to 30-09-2013 in Headquarters' Office. Many competitions were organized to promote use of Hindi in day to day functioning of the offices. Hindi Pakhwada was also celebrated in field offices and various competitions were organized.

(c) Office of the Comptroller & Auditor General of India received second prize from the President of India, Shri Pranab Mukherjee for implementation of Rajbhasha Policy during the year 2012-13 in the category of Indira Gandhi Rajbhasha Awards for Ministries/Departments.

(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 Committee for Official Language inspected five field offices under supervision of headquarters' office.

XVI C Translation

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

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

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

XVII Infrastructure Development

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

The following projects have been completed and inaugurated;

(i) International Centre for Environmental Audit and Sustainable Development (iCED), Jaipur (inaugurated in May 2013)

(ii) AG (A&E) Bengaluru – Annexe building for AG(A&E)

Chapter 7

Seminars and Events

Mission of SAI India is to promote accountability, transparency and good governance through high quality auditing and accounting and provide independent assurance to stakeholders, *i.e.,* the Legislature, the Executive and the Public, that public funds are being used efficiently and for the intended purposes. This necessitates knowledge of environment in which audited entity is operating. Auditor has to engage with audited entities continuously. In order to meet this requirement we organize Seminars, Conferences and Workshops to facilitate knowledge sharing. Seminars and events organized during the year 2013-14 are discussed below:

Stakeholders Workshop on New and Renewable Energy

A one day workshop of stakeholders on New and Renewable Energy was organised in Headquarters at New Delhi on 24 September 2013. The stakeholders' workshop was organized in order to identify the challenges faced in promoting and developing the generation of new and renewable energy in the country and to understand and take on board the concerns of all the stakeholders in this sector.

The Workshop was chaired by the Hon'ble Union Minister for New and Renewable Energy Shri Farooq Abdullah. The workshop was attended by key Stakeholders involving the Ministry of New and Renewable Energy, Regulatory Agencies, PSUs, State Nodal Agencies, NGOs selected experts from the Renewable Energy Sector. The workshop has helped in gathering a holistic view on the scenario of new and renewable energy technologies. The deliberations during the workshop helped in preparing the guidelines for conducting the Performance Audit.

Workshop on "Best Practices in GPF Management"

The Government Accounts Wing conducted two days workshop on "Best Practices in GPF Management" from 03.02.2014 to 04.02.2014 in the CAG office. In the workshop various topics were discussed, however, focus areas were: (i) Proving of GPF accounts (ii) VLC-GPF interface (iii) Improving current GPF posting (iv) Managing missing credits/unposted items of pre-computerized period/Fox pro period (v) Ensuring timely receipt and processing of FP cases/Reconciliation cases (vi) ICT & management of subscriber grievances. Ten PAsG/AG (A&E) offices participated in the workshop and on the basis of deliberations during the workshop; "best practices in GPF management" have been drafted and circulated to five A&E offices for further comments.

Training programme on "Preparation of Finance and Appropriation Accounts"

The Government Accounts Wing also initiated a six days training programme on "Preparation of Finance and Appropriation Accounts" for 8 A&E offices situated in the North Eastern region including Sikkim. The Training programme was held at Regional Training Institute, Shillong for 6 days from 10.03.2014 to 15.03.2014.

"Webinar" on application of knowledge of Competition Law

A half day "Webinar" on application of knowledge of Competition Law during audit of Stakeholders was organized on 27 September, 2013 by Training wing in collaboration with Competition Commission of India(CCI) in our HQrs Office in New Delhi. It was part of our initiative of engaging with the stakeholders and try to understand and appreciate the environment in which the audited entities operate. All the IA & AS Officers posted in the Department in Delhi participated in the seminar. In her inaugural address Dr. Sadhna Shankar, Adviser CCI (Law) highlighted the importance of honing skills of audit officers with the awareness of basic nuances of the competition law. She also emphasized upon the multidimensional role of audit officers and stressed upon the rampant prevalence of anti-competitive practices in public procurement process.

Shri R. N. Sahay, Adviser (Eco) delivered talk on "Public Procurement & Competition Law" and Dr. Sadhna Shankar, Adviser (Law) spoke on topic "Overview of Competition Law". The WEBCAST was hosted on the CAG official website for the benefit of all the field offices.

Chapter 8

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 IA&AD and thereby improve audit quality. The members of the Board function in an honorary capacity. The Board consists of eminent persons in diverse fields, Deputy Comptroller and Auditor Generals and Additional Deputy Comptroller and Auditor Generals from the Department. The first Audit Advisory Board was constituted in 1999. Since then the Board had been reconstituted 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 2013-14, on 12 November 2013 and 11 March 2014. The Board deliberated upon the issues related to mandate of CAG, Strategic Audit plan 2020, audit of private companies in the context of High Court Judgment on CAG audit of Telecom Companies and audit of PPP projects.

II State Audit Advisory Boards

On similar lines, Audit Advisory Boards have been constituted in the States under the chairmanship of the Pr AG/AG. Other Accountants General in the states are ex-officio members of the Board. External members are nominated from amongst eminent academicians, professionals and retired Civil Servants. Objective of the State Audit Advisory Boards is to enhance the effectiveness of audits including audit reports by providing a forum for professional discussion between the senior management of audit offices and knowledgeable and experienced professionals from varied fields.

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

III Interaction with audited Entities

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

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

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

IV Interaction with Public Accounts Committee and Committee on Public Undertakings

The Public Accounts Committee (PAC) and Committee on Public Undertakings (COPU) at Union and State level are our main partners in ensuring public financial accountability. CAG's Audit Reports that are tabled in the Parliament/Legislature stand referred to the PAC/COPU. The CAG assists in the working of the Committees by preparing a Memorandum of Important Points for 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 2013-14, the Central PAC/COPU held 39 meetings and discussed 42 Paras/ Performance Audit Reviews as detailed below:

Name of Wing	**No. of Meetings of PAC/COPU held during the year 2013-14**	**No. of Paras/ Performance Audit discussed during the year 2013-14**
Commercial	11	8
Def. & Communication	6	2
Railway	5	6
Report Central/AB	8	21
RA-INDT (Customs)	2	2
CRA(CE/ST)	2	1
CRA(DT)	5	2
Total	**39**	**42**

The State PACs/COPU met on 665 occasions during the year 2013-14 and discussed 1350 Paras/Performance Audit Reviews as shown in the table below:

Name of Wing	**No. of Meetings of PAC/COPU held during the year 2013-14**	**No. of Paras/ Performance Audits discussed during the year 2013-14**
Central Region	183	178
Eastern Region	72	93
Northern Region	134	287
North Eastern Region	80	285
Western Region	118	377
Southern Region	78	130
Total	**665**	**1350**

V Interaction with academic and professional institutions

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

VI Interaction with Media

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

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

We undertake a range of actions to communicate audit messages to our clients after audit reports are presented to Parliament and State Legislature. A press conference is held after the audit reports are tabled. Press briefs are also issued highlighting the contents of the Audit 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.

Chapter 9

Our International Participation and Contribution

The SAI India is a key player and a major contributor to development of auditing standards and practices in the international community. The International Relations Division at Headquarters is responsible for interaction with International bodies as well as audit of international 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 chair of INTOSAI Committee on Knowledge Sharing and Knowledge Services – Goal 3 (KSC) and its Steering Committee. Nine Working Groups, one Task Force and the International Journal of Government Auditing (IJGA) works under the umbrella of KSC. The Working Groups/Task Forces are devoted to prepare 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 chair of the INTOSAI Working Group on IT Audit (WGITA). This 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 two 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, 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.

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

5th KSC Steering Committee meeting

The INTOSAI Committee on Knowledge Sharing and Knowledge Services (KSC) has a Steering Committee which comprises the chairs of the Working Groups and the Task Force, the Editor of the International Journal of Government Audit and six observers. While the Main Committee of KSC meets triennially in conjunction with the INTOSAI Congress, the Steering Committee meets every year.

The 5thKSC Steering Committee meeting was held at New Delhi, India on 16 and 17 September 2013 and was presided over by Mr. Shashi Kant Sharma, Comptroller and Auditor General of India and chairman of KSC. The meeting was attended by 17 delegates from member SAIs of the Steering Committee.

The KSC Steering Committee collectively reviewed 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.

5th KSC Steering Committee meeting held on 16 and 17 September 2013

INTOSAI Working Group on IT Audit and the Performance Auditing Seminar

The Working Group on IT Audit (WGITA) holds its annual meetings where members present the status of ongoing projects and discuss and decide future projects. In addition, the WGITA holds in conjunction with its annual meeting a triennial Performance Auditing Seminar using a theme that is current and relevant to most members.

The 22nd meeting of the INTOSAI Working Group on IT Audit was held in Vilnius, Lithuania (25-26 April 2013) in conjunction with the 7th Performance Audit Seminar held (22-23 April 2013). The meeting was presided over by Mr. Vinod Rai, the Comptroller & Auditor General of India and the Chairman of the Group and attended by 50 delegates from 23 member SAIs. The Working Group discussed final reports of the projects undertaken as per WGITA Work Plan (2011-13).

The 23rd meeting of the INTOSAI Working Group on IT Audit was held in Kuwait from 10 -12 February, 2014. The meeting was presided over by Mr. Shashi Kant Sharma, Comptroller & Auditor General of India and Chairman of the Working Group. The 23rd meeting was attended by 63 delegates from 30 member countries. The member SAIs presented their progress reports on the various projects and also presented country papers on emerging issues on IT Audit.

Training Event on Supreme Audit Institution-Performance Measurement Framework (SAI-PMF)

The Comptroller & Auditor General of India hosted a training event on the Performance Measurement Framework for Supreme Audit Institutions (SAI-PMF) at New Delhi from 23 to 27 September, 2013. The training event was inaugurated by Mr. Shankar Narayan, Deputy Comptroller and Auditor General and was attended by the 30 participants from 18 countries as trainees while 4 delegates attended as Facilitator and Co-Facilitators. The SAI PMF helps SAIs to assess their performance objectively against established INTOSAI good practices (including the ISSAIs, the Framework on the Value and Benefits of SAIs and other guidance material developed by the INTOSAI community). The SAI PMF consists of a set of measurable indicators and a qualitative performance report, and it can be applied using different approaches, namely self-assessments, peer reviews or external assessments.

XXIst INTOSAI Congress (INCOSAI)

The INTOSAI Congress (INCOSAI) is the supreme organ of INTOSAI and is composed of all Members. Once every three years, it holds regular meetings, which are chaired by the hosting SAI. It offers all INTOSAI members an opportunity to share experiences, discuss issues, and pass resolutions and recommendations to improve government accountability worldwide. Participants include delegates from member SAIs as well as representatives of the United Nations, the World Bank and other international and professional organizations.

The XXI INCOSAI alongwith related events, viz., Governing Board meeting, meetings of the Committees/Working Groups/Task Forces was hosted by the National Audit Office of the People's Republic of China in Beijing from 17 to 26 October, 2013. The meeting was inaugurated by Mr. Liu Jiayi, Auditor General of China and was attended by 599 delegates from 159 member SAI Countries and associate members of INTOSAI. The following two themes were discussed in INCOSAI 2013:

Theme -I: National Audit and National Governance; and

Theme-II: The Role of SAIs and Safeguarding Long-Term Sustainability of Finance Policies

The Comptroller and Auditor General of India presented reports of the Knowledge Sharing Committee (KSC), Working Group on IT Audit (WGITA) and INTOSAI Collaboration Tool (ICT) at the INCOSAI.

5th Working Session of the ISSAIs Harmonization Project Group

The 5th Working Session of the ISSAIs Harmonization Project Group was hosted by SAI-India at Chandigarh, India from 8 to 11 April 2013. The meeting was attended by 15 delegates from 10 member SAIs including three delegates from SAI-India. The project group discussed various important issues related to professional standards of INTOSAI and also finalized drafting conventions for level 4 ISSAIs.

Meeting for finalization of WGITA/IDI IT Audit Handbook

A meeting for finalization of WGITA /IDI IT Audit Handbook was hosted by SAI-India at National Academy of Audit & Accounts (NAAA), Shimla, Himachal Pradesh from 29 July to 7 August 2013 in which representatives from WGITA and IDI finalized the Handbook on IT Audit.

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. Its present membership stands at 45.

The CAG of India is the Chairman of ASOSAI by virtue of being the host of the last Assembly held in Jaipur in 2012.

India is a charter member of ASOSAI. We will continue to be on the Governing Board of ASOSAI till 2018 (from 2012 to 2015 as Chair of ASOSAI and from 2015 to 2018 as outgoing Chair).

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

C. Global Working Group & other multilateral bodies

14th Meeting of Global Working Group

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 14th meeting of the Global Working Group was held at Tokyo, Japan (10-13 April 2013) where the Indian delegation presented a country paper and made a presentation on the theme “Cyber Security”. The members decided to change the name of the Global Working Group to Global Audit Leadership Forum (GALF). The first meeting of GALF was held at Mexico City, Mexico in May 2014.

XXII Commonwealth Auditors General Conference

The XXII Commonwealth Auditors General Conference was held at Malta from 24 to 27 March 2014. The XXII Commonwealth Auditors General Conference was attended by Shri Shashi Kant Sharma, Comptroller and Auditor General of India and his delegation. The main theme of the conference was “Securing Independence of Supreme Audit Institutions to improve the Effectiveness of Reporting and Communication of Audit Findings”, with the following sub-themes:

(i) Ensuring Independence of SAIs for effective SAI Reports; and

(ii) Effective Communication of Audit Findings to Key Audiences.

The CAG of India conducted proceedings of the second sub-theme. It was also decided that the XXIII Conference of the Commonwealth Auditors General will be held in India in 2017.

D. BILATERAL RELATIONS WITH OTHER SAIs

Presently we have MoUs with 16 Supreme Audit Institutions viz. China, Bhutan, Brazil, Kuwait, Maldives, Mongolia, Oman, Poland, Venezuela, Russia, Afghanistan, 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. Details of important bilateral meetings are given below:

Bilateral meetings during the XXI INTOSAI Congress

The Comptroller and Auditor General of India signed Memorandum of Understanding (MoU) with SAI-Ukraine on 25th October 2013 during the XXI INTOSAI Congress held at Beijing, China. The Comptroller and Auditor

General of India also attended courtesy meetings with SAIs of South Africa, Vietnam, Nepal and Bhutan.

5^{th} Indo-Kuwait Seminar

Under the aegis of the MoU signed between SAIs of India and Kuwait, the 5^{th} Indo-Kuwait Seminar was held at Shillong, Meghalaya from 29^{th} April to 2^{nd} May 2013 on the topic "Quality assurance and quality in audit". The delegation from SAI-India was headed by Mr. A. K. Singh, Deputy Comptroller and Auditor General. The delegation from SAI-Kuwait was headed by Mr. Muhammad Abaid Al-Dousari, Director. Both the SAIs presented their views to strengthen efforts in enhancement of quality assurance in audit. The delegation from SAI-Kuwait also visited SAI India's headquarters at New Delhi and met the Comptroller & Auditor General of India.

4^{th} Indo-China Young Auditors Forum

As per MoU between SAIs of India and China, the 4^{th} Indo-China Young Auditors Forum was held at National Academy of Audit & Accounts, Shimla, Himachal Pradesh from 9 to 10 December 2013 on the topics (i) Role of Public Audit in improving the lives of the citizens and (ii) Environment Audit. The Indian delegation was led by Ms. Suhasini S. Gotmare, Sr. DAG. The delegation from SAI-China was led by Mr. CUI Zhenlong, Director General.

E. AUDIT OF INTERNATIONAL ORGANISATIONS

UN Board of Auditors (UNBOA)

The Comptroller & Auditor General of India has been appointed (November 2013) as a Member of the UN Board of Auditors for six years term with effect from 1 July 2014. The present members of the Board of Auditors are as follows:

- Comptroller and Auditor General of India (Term expires on 30 June 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 30 June 2018)

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 Frame work Convention on Climate Change (UNFCCC)
6. UN Convention to Combat Desertification (UNCCD)
7. UN Institute for Training and Research (UNITAR)
8. UN Escrow Account
9. Portion of UN Headquarters (Procurement, HRM, Office of High Commissioner of Human Rights, UN office at Geneva)

UN Agencies

As on date, Comptroller & Auditor General of India is the External Auditor of the following UN Agencies:

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 onwards]*

Panel of External Auditors of United Nations and its Technical Group

The External Auditors of UN (Members of the Board of Auditors) and its Specialized Agencies constitute the "Panel of External Auditors of the United Nations". The Panel meets once a year to address issues of developments in accounting/auditing practices worldwide. We have been a member of the Panel since 1993, by virtue of being the External Auditor of UN or its specialized agencies. CAG 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.

Annex I

Organizational Chart as on 31 March 2014

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/ADAIs.

Annex II

OFFICES OF THE INDIAN AUDIT & ACCOUNTS DEPARTMENT

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

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

B.	**Defence**
1.	Director General of Audit, Defence Services, New Delhi
2.	Pr. Director of Audit, Defence Services, Chandigarh
3.	Pr. Director of Audit, Defence Services, Pune
4.	Pr. Director of Audit, Air Force, New Delhi
5.	Principal Director of Audit, Navy, Mumbai
6.	Pr. Director of Audit, Ordnance Factories, Kolkata
C.	**Post & Telecommunication**
1.	Director General of Audit, Post & Telecommunications, Delhi
D.	**Railways**
1.	Pr. Director of Audit, North Central Railway, Allahabad
2.	Pr. Director of Audit, East coast Railway, Bhubaneswar
3.	Pr. Director of Audit, South East Central Railway, Bilaspur
4.	Pr. Director of Audit, Southern Railway, Chennai
5.	Pr. Director of Audit, North Eastern Railway, Gorakhpur
6.	Pr. Director of Audit, Northeast Frontier Railway, Guwahati
7.	Pr. Director of Audit, East Central Railway, Hajipur (Bihar)
8.	Pr. Director of Audit, South Western Railway, Hubli, Bengaluru
9.	Pr. Director of Audit, West Central Railway, Jabalpur
10.	Pr. Director of Audit, North Western Railway, Jaipur

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

E. Commercial

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

F.	**Overseas**
1.	Pr. Director of Audit, London
2.	Pr. Director of Audit, Washington DC
3.	Pr. Director of Audit, Kuala Lumpur, Malaysia
4.	Director of External Audit, Rome, Italy
5.	Director of External Audit, Geneva *(Since closed in July 2012)*
II	**Audit Offices-States**
1.	Pr. Accountant General (G&SSA), Andhra Pradesh, Hyderabad
2.	Accountant General (E&RSA),Andhra Pradesh, Hyderabad
3.	Accountant General, Arunachal Pradesh, Itanagar
4.	Accountant General (Audit),Assam, Guwahati
5.	Accountant General (Audit), Bihar, Patna
6.	Accountant General (Audit), Chhattisgarh, Raipur
7.	Accountant General, Goa, Goa
8.	Accountant General (E&RSA), Gujarat, Ahmedabad
9.	Accountant General (G&SSA), Gujarat, Rajkot
10.	Pr. Accountant General (Audit), Haryana, Chandigarh
11.	Pr. Accountant General (Audit), Himachal Pradesh, Shimla
12.	Pr. Accountant General (Audit), Jammu & Kashmir, Srinagar
13.	Pr. Accountant General (Audit), Jharkhand, Ranchi
14.	Pr. Accountant General (G&SSA), Karnataka, Bengaluru

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

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

III Accounts and Entitlement Offices – States

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

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

IV Training Institutes

1. Director General, National Academy of Audit & Accounts, Shimla
2. Director General, International Centre for Information Systems &Audit, Noida(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