PERFORMANCE REPORT
2015-16

OFFICE OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

From the desk of Comptroller and Auditor General of India

I am happy to present the Performance Report of the Indian Audit and Accounts Department for the year 2015-16. The Department, apart from being the Supreme Audit Institution of India, also performs accounting and entitlement functions for the majority of states in India. The report gives an overview of the significant activities of the Department during 2015-16.

During the year, our audit resources were deployed in accordance with the identified focus areas for audit that included issues of equity, gender justice, citizen-centric services, environment, IT audit, etc. This is duly reflected in the 188 Audit Reports that we prepared during the year, of which 53 were for tabling in the Parliament and 135 in the State Legislatures.

Recognizing the impact the digitalization is making on our lives, and the need for Audit to re-orient itself to take on the challenges of big data, we formulated our Big Data Management Policy, which eventually led to establishment of a Centre for Data Management and Analytics, at our headquarters in New Delhi. We collaborated in this regard with Harvard University, in its initiative on Evidence for Policy Design, and IIM, Bangalore for initiating capacity development of our human resources. We also strengthened our compliance auditing framework by formulating the Compliance Auditing Guidelines.

The enormity of the impact the Indian Audit and Accounts Department makes through its work can be easily judged by the fact that our reports made 2,125 recommendations, of which 864 have already been accepted. Our reports pointed out recoveries of more than ₹88,000 crores, of which recoveries of ₹4,523 crore had already been made by the governments. It is gratifying to note that the recoveries made at the instance of Audit are much more than the total expenditure of SAI-India, which was ₹3,428.12 crore in 2015-16. In addition, we examined more than 5,000 government accounts, maintained GPF accounts of more than 33.90 lakh government servants and authorized more than 3.90 lakh pension payments during the year, rendering valuable public service.

The achievements of the Department are a tribute to the dedicated work of more than 46,000 employees currently in position. We have invested significantly in their professional development, according high priority to capacity building in our training institutes, for which several projects of modernization and infrastructure upgradation were taken up, in order to provide a conducive environment and enhanced learning experience. Our training institutes conducted more than 700 courses and trained more than 13,000 persons during the year. In addition, nearly 2,000 courses conducted in-house trained more than 30,000 employees.

SAI India has been proactively participating in international cooperation and collaboration. Our training institutions have run specialized training programmes for international participants. In addition, we have been proactively participating in the activities of INTOSAI and ASOSAI. It is a measure of the Department's international stature that the CAG of India is on the Board of Auditors of the United Nations and now chairs the Board. This brings to a high point the Department's rich experience of auditing other international bodies like the World Food Programme, the International Atomic Energy Agency, the World Health Organization, the Food and Agricultural Organization, and the International Organization of Migration etc.

I am confident that this performance report will be found useful by our stakeholders including legislators, executives, academia, and members of the public in getting a better view of the functioning and activities of the Department.

(Shashi Kant Sharma)
Comptroller & Auditor General of India

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Performance Highlights

I. About the Performance Report

This report summarizes important activities and achievements of the Indian Audit and Accounts Department, the Supreme Audit Institution of India (SAI India) during the Financial Year 2015-16, including the impact of our audit, major audit findings and the effectiveness in use of our resources.

II. About the CAG of India and the IAAD

- **The CAG of India is a Constitutional authority.**
- **The CAG's (Duties, Powers and Conditions of Service) Act, 1971 is the primary legislation delineating the audit jurisdiction, which extends to the Union and State Governments, the public sector undertakings and other bodies or authorities substantially financed from public exchequer or other bodies/authorities whose audit is entrusted to the CAG in public interest. Several other Acts of Parliament provide for audit of certain statutory authorities by the CAG.**
- **The Act also provides for compilation and presentation of accounts of the State Governments by the CAG.**
- **The CAG of India discharges his duties through the Indian Audit & Accounts Department (IAAD). The Headquarters office of the CAG at New Delhi is supported by 138 field offices (133 offices spread across India and 5 offices located abroad).**

III. Key Results in Audit

- **We audited 57,985 units covering 96.12 *percent* of planned audits at Union and 93.73 *percent* at States level.**
- **We issued 53,873 Inspection Reports to various audited entities. 92.03 percent Inspection Reports at the Union level and 73.58 percent Inspection Reports in the States were issued in time i.e. within 30 days.**
- **We prepared 188 Audit Reports that included 196 Performance Audits, of which 53 were for tabling in the Parliament and 135 in the State Legislatures. Of these, 47 Reports were tabled in the Parliament and 90 Reports in the State Legislatures during the year.**

- **We made 2,125 recommendations to our audited entities at Union and State level. Of these, 864 recommendations were accepted.**
- **We finalized Reports on 196 performance audits during the year. We made 1,544 recommendations, of which, 768 recommendations were accepted by the audited entities.**
- **We examined 5,105 accounts of Union and State Governments, PSUs, Autonomous Bodies, Externally Aided Projects and others. 80.18 *percent* Audit certificates were issued within the scheduled time.**
- **The audited entities accepted about 45 percent of the total recoveries pointed out by us (₹88,089 crore) and recovered ₹4,523 crore, which was significantly higher than the total expenditure of IA&AD during 2015-16, which was ₹3,428.12 crore.**
- **We made corrections in the accounts of 116 companies and corporations as a result of supplementary audit. The implication of these changes was: (a) Amendment to Notes to the Accounts: ₹36,601.02 crore (b) Classification mistakes: ₹67,821.01 crore (c) Changes in profit and loss: ₹2,712.16 crore and (d) Changes in assets and liabilities: ₹6,576.86 crore.**
- **We pointed out several instances of deviation from rules, regulations, deficiencies in planning and implementation of schemes, lack of coordination among various agencies, etc.**
- **We were yet to receive 10,817 Action Taken Notes on Audit Reports at Union and State level as on March 31, 2016.**

IV. Key Results in Accounts and Entitlements

- **We finalized 3,93,453 pension authorization and pension revision cases during 2015-16.**
- **We carried out 96.07 *percent* of the planned treasury inspections. State Governments accepted 99.77 *percent* of the recommendations made by us after these inspections.**
- **We issued 95.93 *percent* account slips to General Provident Fund account holders on time during the year.**

V. Professional Standards and Quality Management

- **Three Indian Government Accounting Standards (IGASs) had been notified by Government of India by March 2016. Four IGASs and five**

IGFRSs (Indian Government Financial Reporting Standards) were under consideration of the Government of India.

- The Technical Board for Professional Practices, constituted in March 2014, engaged with issues in the areas of audit and accounting policy and their implementation.
- 36 field offices of IAAD were inspected as a measure of internal control mechanism and 39 *percent* of the recommendations made in the Inspection Reports were implemented.

VI. Resource Management

- We spent ₹3,428.12 crore in 2015-16.
- Optimal staffing in the field offices continued to be the main focus of our HR strategy.
- Of the 46,024 persons working in IAAD, 89 *percent* directly added value to our core activities.

VII. Capacity Building in IAAD

- International Centre for Environmental Audit & Sustainable development (iCED) conducted one International Training programme for 22 participants from 13 SAIs and two bilateral programmes for 43 participants from SAI Oman and SAI Bangladesh.
- We undertook major modernization and infrastructure upgradation programmes for our training facilities at iCISA at Noida, iCED at Jaipur, the National Academy of Audit and Accounts at Shimla, and our Regional Training Institutes (RTIs)/Regional Training Centres (RTCs). The RTIs and the RTCs conducted 722 courses and trained 13,427 persons during the year.
- The In-house training centres in 133 Offices (excluding 5 overseas offices) conducted 1,993 courses and trained 30,907 officers.

VIII. Our Interaction with Key Stakeholders

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

IX. International Participation and Contributions

- The CAG is a member of the UN Board of Auditors for the period July 2014 to June 2020.

- **SAI-India will be the lead auditor for audit of UN Secretariat [Volume I] and is the External Auditor of several UN Agencies viz. UNICEF (United Nations Children's Fund), UNOPS (*United Nations Office for Project Services)*, UNJSPF (United Nations Joint Staff Pension Fund), UNCC (*United Nations Compensation Commission),* Escrow Account, UNFIP (*United Nations Fund for International Partnerships* (*UNFIP*), ITC (*International Trade Centre), and 6 UNPKO (United Nations Peacekeeping Operations) Missions.***
- **The CAG of India is a member of INTOSAI and ASOSAI.**
- **The CAG of India chairs the INTOSAI Working Group on IT audit and INTOSAI Committee on Knowledge Sharing & Knowledge Services and its Steering Committee.**
- **SAI India as KSC chair developed an INTOSAI Community Portal (www.intosaicommunity.org) in collaboration with the INTOSAI Development Initiative, Norway. The portal was launched in November 2015.**

X. New Initiatives

- **The Compliance Auditing Guidelines were adopted in March 2016.**
- **The Big Data Management Policy has been formulated in August 2015.**
- **A Memorandum of Understanding (MoU) has been concluded with Evidence for Policy Design (EPoD), an initiative of Harvard Kennedy School, USA (based out of the IFMR, Chennai in India) for a period of two years from May 2015 for a mutually beneficial partnership.**
- **A new STM (structured training module) was developed to equip audit offices for auditing in home grown individual software of audit entities, ensuring a uniform and comprehensive module for use across the country.**
- **A user friendly e-module titled ‘Introduction to IT Audit’ has been developed for self-learning which familiarizes and enables audit staff to work with disparate softwares being used by auditee agencies spread across the country.**

Training wing has introduced an e-Learning initiative, “Reach Out”, which has prepared e-Learning modules completely in-house at no cost.

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 the Supreme Audit Institution (SAI) of India and is expected to promote financial accountability and transparency in the affairs of the audited entities.

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

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

This report aims to meet the 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 India representing the CAG in the States are called Principal Accountants General/ Accountants General.

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

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

The role of the Comptroller and Auditor General assumes greater significance in view of the federal multiparty democracy where both Union and State Governments are responsible for implementation of a 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 public expenditure taking place through Special Purpose Vehicles (SPVs) like Trusts, Societies and NGOs. Civil society is emerging as a major stakeholder in the audit process.

II Our Vision, Mission and Core Values

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

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

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

III Independence of SAI

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

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

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

- Appointment of CAG by the President of India;
- Special procedure for removal of CAG, as applicable to a judge of the Supreme Court;

- Salary and expenses of CAG not being subject to vote of Parliament; and
- Making CAG ineligible to hold any other Government office after completion of term.

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

IV Our Accounts Mandate[1]

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

V Our Audit Mandate

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

- All receipts and expenditure from the Consolidated Fund of the Union and State Governments;
- All financial transactions in emergencies, outside the normal budget (called the Contingency Fund);
- Inflows and outflows of private monies of the public held by the Government as a trustee or banker (called Public Accounts) at Central as well as State levels;
- All trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts kept in any Government Department;
- All stores and stock accounts of all Government offices and Departments;
- Accounts of all Government companies where government's equity investment is not less than 51 *per cent*;

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

- Accounts of all Regulatory Bodies, other statutory authorities/corporations, where governing laws provide for their audit by the CAG;
- Accounts of all autonomous bodies and authorities substantially financed from public exchequer*;*
- Accounts of a body or authority whose audit is specifically entrusted to the CAG, in public interest, by the President/ Governor /Lt. Governor under enabling provisions of the CAG's DPC Act 1971.

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

- Providing technical guidance and support to the Local Fund Audit wings of the State Governments, who are the primary auditors of the urban and rural local bodies.
- Conducting 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.
- Certifying the net proceeds of Central taxes/duties, which are shareable with the States.

VI What we do not Audit

The mandate of the CAG does not extend to the audit of public sector banks; Government corporations whose statutes do not provide for audit by the CAG, *e.g.*, Life Insurance Corporation, and companies where the Government shareholding is less than 51 *percent.* However, the CAG has the authority to audit the accounts of even a private company, not normally within the audit mandate of CAG, if the company has been allowed the commercial use of scarce natural resources under the terms of license, which require the company to share a part of the revenue so generated with the government. This authority was upheld by the Hon'ble Supreme Court of India in their judgement dated April 17, 2014 pertaining to the companies providing telecom services. Also, audit of any body or authority, including a Company which is not a Government Company, may be entrusted to the CAG under Section 20 of the CAG's DPC Act 1971 in public interest.

VII Our Powers

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

- inspect any office or organization subject to his audit;
- call for any records, papers, documents from any audited entity;

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

- 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

CAG can 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.

The 'Regulations on Audit and Accounts' were issued in 2007 under Section 23 of the CAG's DPC Act. The Regulations define in detail the scope, manner, and extent of auditing and accounting mandate of SAI India.

Powers to make rules

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

VIII We conduct different types of Audit:

The scope, extent, methodology and approach to be adopted by the CAG in conducting any audit is at the discretion of the CAG. We conduct Financial Attest Audit, Compliance Audit and Performance Audit in the audited entities in accordance with standards and guidelines framed in accordance with the international standards.

VIII A Compliance Audit

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

- the provisions of the Constitution of India and the applicable laws; and
- the rules, regulations, orders and instructions issued by the competent authority either in pursuance of the provisions of the Constitution of

India and the laws or by virtue of the powers formally delegated to it by a superior authority.

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

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

VIII B Financial Audit

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

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

VIII C Performance audit

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

1. **Economy** – Economy is minimizing the cost of resources used for an activity, having regard to appropriate quality. Economy occurs where equal-quality resources are acquired at least cost.

2. **Efficiency** – Efficiency is the relationship between the output (goods, services or other results) and the resources used to produce them (input). Efficiency exists where the use of resources (financial, human, physical and information) is such that output is maximized for any given

set of resource inputs, or input is minimized for any given quantity and quality of output.

3. **Effectiveness** – Effectiveness is the extent to which objectives are achieved and the relationship between the intended impact and the actual impact of an activity. Effectiveness addresses the issue of whether the scheme, programme or organization has achieved its objectives.

IX Our Audit Process

The audit process at the SAI level and the individual audit office level follows several stages, as depicted in the following diagram:

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

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

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

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

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

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

X Highlights of the Annual Audit Plan 2015-16

Taking note of the experience gained from the implementation of the previous plans, the Annual Audit Plan 2015-16 accorded first priority to the Financial Attest Audit related assignments, including certification of accounts, and audit certificates for centrally sponsored schemes and externally aided projects. The topics selected for examination confirmed to the focus areas identified in the Strategic Plan 2012-17, i.e. fiscal management, human development, infrastructure, rural and urban development, and national security. Equity and environmental concerns continue to be the steady concerns of the IA&AD and are suitably incorporated in the audit plans. In addition, the topics for audit were selected under the following three categories:

(a) follow-up audits of accepted recommendations made in Performance Audit Reports 3 to 5 years ago;

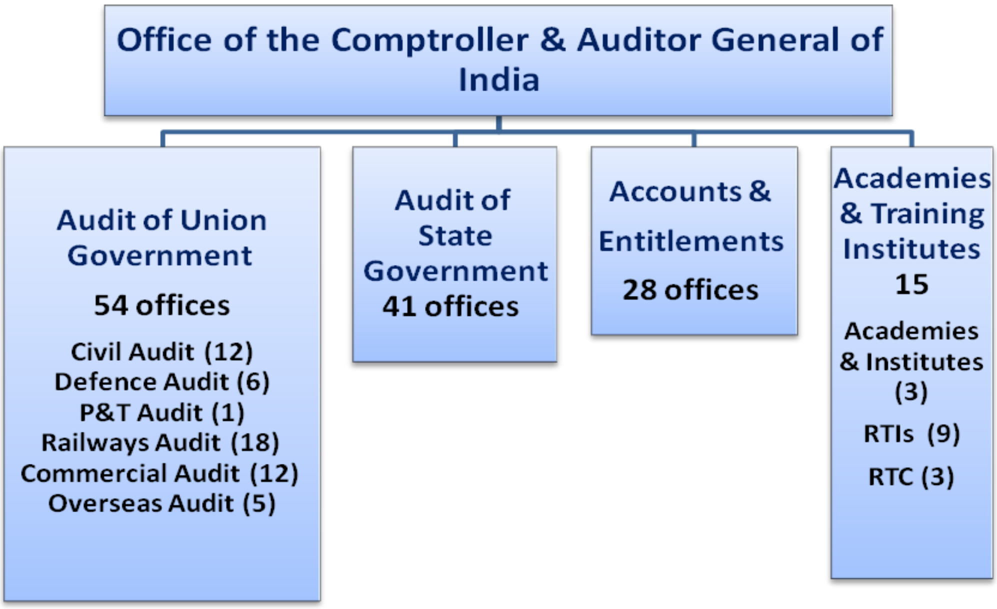
(b) audit of revenue sharing arrangements, where public resources are being used by private entities under the terms of a license or contract; and

(c) audit of citizen-centric governance mechanism and delivery systems for public services to citizens.

The Annual Audit Plan 2015-16 also decided to reorient the audit focus from product orientation to process orientation i.e. the audit product would be decided after completion of the audit, depending on its outcome. The Annual Audit Plan 2015-16, planned to conduct financial attest audit of 457 PSUs, 360 autonomous bodies and 98 externally aided projects at the Union level and 1085 PSUs, 733 autonomous bodies and 127 externally aided projects at the States level. In addition, the Plan envisaged auditing of 17,131 out of 55,095 auditable units at the Union level and 51,515 out of 3,61,421 auditable units at the State level.

XI Our Organization

The Comptroller and Auditor General of India discharges his duties through the Indian Audit and Accounts Department. The Department consists of approximately 46,000 employees. The CAG's office located in New Delhi is the headquarters of IAAD. It is supported by 138 field offices (133 offices spread across India and 5 offices located abroad). A list of offices is at **Annex II**.



The Office of the CAG

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

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

Deputy Directors, who are all senior level managers. The 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 located in different parts of the country. These offices are responsible for carrying out the audit and accounts mandate of the CAG. The types of field offices in the Department are described below:

- **Offices of the Directors General/ Principal Directors of Audit (37)** are responsible for audit of the activities of the Union Government, including Civil Ministries and Departments, Defence, Indian Railways and Posts & Telecommunications.
- **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 was responsible for auditing World Food Program *(closed in July 2016)*. A new office of Director of External Audit has been set up at New York in June 2014 to oversee the audit of United Nations being conducted by SAI India as a member of the UN Board of External auditors.
- **Offices of the Principal Accountants General/Accountants General (Audit) (41)** in every State are responsible for audit of all receipts and expenditure of the State Government, audit of Government companies, corporations and autonomous bodies in the State as well as local bodies.
- **Offices of Accounts and Entitlements (A&E) headed by Principal Accountants General/ Accountants General (A&E) (28)** are engaged in maintaining the accounts of the State Governments and authorizing GPF and pension payments of their employees.
- **Training Institutes (15)** Three national level Institutions, nine Regional Training Institutes and three Regional Training Centres are engaged in capacity building of officers and staff in IAAD.
- A list of the offices is at **Annex II** of this report.

XIII A Organizational Set Up for Audit of Union Government

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

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

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

XIII B Organizational Set Up for Audit of State Governments

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

ADAI Northern Region	ADAI Central Region	ADAI Eastern Region	ADAI Western Region	ADAI Southern Region	ADAI North Eastern Region
Delhi	Bihar	Andhra Pradesh	Goa	Karnataka	Arunachal Pradesh
Haryana	Chhattisgarh	Telangana	Gujarat	Kerala	Assam
Himachal Pradesh	Jharkhand	Odisha	Maharashtra		Manipur
Jammu & Kashmir	Madhya Pradesh	West Bengal	Rajasthan		Meghalaya
Punjab	Uttar Pradesh	Tamil Nadu			Mizoram
Uttarakhand		Puducherry			Nagaland
					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's office, distribution of jurisdiction among the Group officers was done on sectoral basis.
- The offices of Local Bodies Audit have been merged with the respective offices of Principal Accountant General (General and Social Sector Audit) with effect from 2 April 2012.
- Audit of State agencies implementing the Centrally Sponsored Schemes will continue to be done by State Accountants General.

XIV Audit Advisory Board

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

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

Eighth Audit Advisory Board constituted in August 2015 for the biennium 2015-17 were as under:

Shri Shashi Kant Sharma Comptroller and Auditor General of India	**Ex-officio Chairman**
Shri K V Chowdary Central Vigilance Commissioner	**Member**
CA M. Devaraja Reddy President, The Institute of Chartered Accountants of India	**Member**
Dr. Alwyn Didar Singh Secretary General, Federation of Indian Chambers of Commerce & Industry	**Member**
Shri Pradeep Kumar Former CVC & Retired IAS Officer	**Member**
Shri Shiv Shankar Menon Former NSA & Retired IFS Officer	**Member**
Shri Narendra Singh Retired Deputy C&AG	**Member**
Dr. Aruna Roy Social Activist	**Member**
Dr. Parthasarthi Shome Economist	**Member**
Dr. Vandana Shiva Environmentalist	**Member**
Shri Aamir Khan Actor & Social Campaigner	**Member**
Dr. Naresh Trehan Medical Expert	**Member**
Shri Satyajit Bhatkal Visual Media Director	**Member**
All Deputy C&AGs	**Ex-officio Members**
All Additional Deputy C&AGs	**Ex-officio Members**

The first meeting of the newly reconstituted Audit Advisory Board was held on 28 October 2015. The Board deliberated upon, among other things, the issues relating to social audit, audit of Public Private Partnership projects, need for greater oversight on health expenditure, audit of agricultural credits and dissemination of Audit Reports through media and other partners.

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

Chapter 3

Key Results and Achievements in Auditing

Key functional areas of the department include audit of the Central and State Governments, Public Sector Undertakings, Autonomous Bodies and Local Bodies.

The key output of these audits are Inspection Reports, Audit Reports and Audit Certificates. Ensuring the quality and timeliness of these audit products is a key result area of IA&AD. In this Chapter we report on the audits performed by us and the highlights of our audit products during 2015-16.

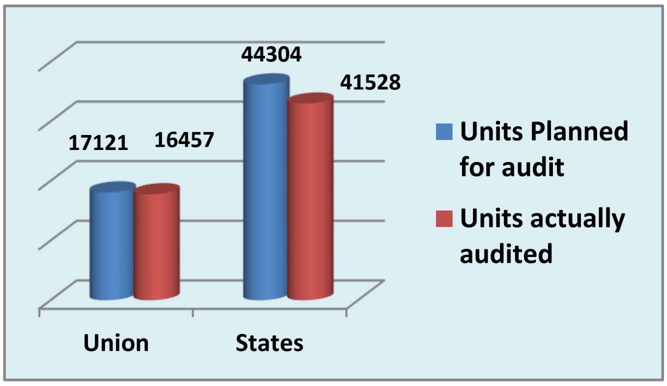
I Compliance, Performance, Financial Attest Audit and Audit Reports

The IA & AD conducts performance, financial and compliance audits. The details of audits conducted during 2015-16 are given in the following paragraphs:

IA Compliance Audit:

(i) Audit Coverage

A total of 57,985 units were audited during 2015-16. The graph below shows that 96.12 *percent* of the planned audits at the Union level and 93.73 *percent* of the audits planned at the State level were completed.



(ii) Inspection Reports

Inspection reports are the primary products of audit, issued on completion of audit of every audited entity. Of the 57,985 units audited during the year, inspection reports in case of 53,873 units (92.91%) were issued in 2015-16. At the Union level, 92.03 *percent* of the inspection reports were issued on time i.e. within 30 days, while at the State level, the on-time performance was 73.58 *percent*.

	Inspection Reports issued	Inspection Reports issued within 30 days	Percentage of IRs issued within 30 days
Union	**16,304**	**15,005**	**92.03%**
State	**37,569**	**27,644**	**73.58%**
Total	**53,873**	**42,649**	**79.17%**

(iii) Observations made in compliance audit:

Significant audit observations made in compliance audit are included in the Compliance Audit Reports. During 2015-16, 2700 paragraphs (1,063 in the Union reports and 1,637 in the State reports) were included in these reports. At the Union level, 769 of the 1,063 paras were accepted and 47 paras were partially accepted by the audited entities.

At the State level, of the 1,637 paras, 630 were accepted and 257 were partially accepted by the audited entities.

IB Performance Audit

Audit Reports on 196 performance audits were approved during 2015-16 as summarized below.

	Audit Products
Union Level	**34**
State Level	**162**
Total	**196**

IC Financial Attest Audit

Besides the audit of annual accounts of the Union and State Governments, Autonomous Bodies and Public Sector Undertakings, the IA&AD also certifies the expenditure incurred on externally aided projects as part of aid agreements.

We examined 5,105 accounts of Union and State Governments, PSUs, Autonomous Bodies, externally aided projects and others. 4,093 certificates of audit were issued within the prescribed time frame.

	Accounts examined	On time Audit Certification
Union/State Government	1174@	979@
PSUs	1,144	813
Autonomous Bodies	804	435
Externally Aided Projects	251	197
Others	1732	1,669
Total	**5,105**	**4,093 *(80.18 percent)***

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

The delays in certification of accounts were on account of receipt of incomplete accounts, delay due to non-receipt of records for verification of accounts and non-settlement of observations, delays in receipt of replies to audit observations, discussion with management on critical issues, late receipt of proforma accounts, bunching of accounts, implementation of SAP-ERP, reporting of fraud and need for more detailed scrutiny.

ID Audit Reports

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 188 Audit Reports (which included results of 196 Performance Audits) during 2015-16, 53 for tabling in the Parliament and 135 in the State Legislatures. Of these, 6 Reports for Parliament and 45 Reports for the State Legislatures were tabled after March 31, 2016. Besides, 9 Union Audit Reports and 45 State Audit Reports of previous years were also presented to Parliament/Legislatures during 2015-16.

We made 2,125 recommendations to our audited entities at Union and State levels. Of these, 864 recommendations were accepted.

	No. of Reports prepared during the year	Recommendations made	Recommendations accepted
Union Government	53@	348	143
State & Union Territory Governments	135@@	1777	721
Total	**188**	**2125**	**864**

@ Out of 53 Reports, 6 were presented to Parliament after 31.3.2016.

@@ Of these, 90 Reports were presented to the State Legislatures during 2015-16.

II Our Audit Impact

IIA Recoveries at Instance of Audit

Some of our audit observations pertain to underassessment of taxes or specific loss to the exchequer, necessitating recoveries from the concerned parties. Recoveries made at the instance of audit during the year are indicated below:

(₹ in crore)

	Recoveries pointed out	Recoveries accepted	Recoveries effected
Union Government	**51,117**	**28,335**	**3,537**
State Governments	**36,972**	**11,112**	**986**
Total	**88,089**	**39,447**	**4,523**

The audited entities accepted about 45 *percent* of the recoveries pointed out by audit. The Government recovered ₹4,523 crore, which is only about 5.13 *percent* of the amount pointed out for recovery and 11.47 *percent* of the amount accepted. The amount recovered is significantly higher than the total expenditure of IA&AD during 2015-16, which was ₹3428.12 crore**.**

During the last 5 years, the audited entities have accepted recovery of ₹ 2,26,987 crore out of ₹6,67,601 crore of recoveries pointed out by us and effected recoveries of ₹20,833 crore, which points to the IA&AD's contribution to the fiscal management in the governments.

IIB Performance Audit

Reports on 196 performance audit were finalized during 2015-16. We made 1,544 recommendations, of which 768 recommendations were accepted by the audited entities, as summarized below.

	Audit Products	Recommendations made	Recommendations accepted
Union Level	**34**	**158**	**87**
State Level	**162**	**1386**	**681**
Total	**196**	**1544**	**768**

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. Corrections were made in the accounts of 116 companies and corporations as a result of supplementary audit. The implication of these changes was: (a) Amendment to Notes to the Accounts: ₹36,601.02 crore (b) Classification mistakes: ₹67,821.01 crore (c) Changes in profit and loss: ₹2712.16 crore and (d) Changes in assets and liabilities: ₹6576.86 crore.

III Major Audit Findings

During the year, 56 Reports (including 9 Reports of previous years) were tabled in the Parliament and 135 Reports (including 45 Reports of previous years) in the State Legislatures. Copies of these Reports are available on our website www.cag.gov.in. Some of the significant findings appearing in these Reports are highlighted below:

III A CAG Reports tabled in the Parliament

Department of Revenue – Customs (Report No. 5 of 2016)

- The Customs Revenue forgone is increasing exponentially without commensurate increases in the exports. Five schemes accounted for 80 per cent total revenue forgone under the Schemes.
- Customs revenue of ₹ 20,808 crore demand up to March 2015 was not realized at the end of the FY 15. Of this, ₹ 6,211 crore was undisputed. Eight zones accounted for 76 per cent of total revenue arrears pending during FY 15.
- There were cases of incorrect assessment of Customs duty totaling ₹ 53.65 crore.
- ₹ 168.94 crore was due from exporters/importers who had availed of duty exemption but had not fulfilled the prescribed obligation/conditions.

Department of Revenue – Customs – Performance Audit on 'Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal and articles thereof, imitation jewellery, coins (Report No. 6 of 2016).

- The duty forgone increased from 14 per cent in FY 11 to 20 per cent of the value of imports in FY 2015. Total Customs duty forgone was ₹ 12, 26,033 crore for the period 2010-11 to 2014-15 in which the share of gems and jewellery sector was 25 per cent (₹ 3, 01,042 crore).
- Imports of gold under chapter 71 suffered a negative Net Foreign Exchange Earnings (NFEE) vis-a-vis corresponding exports of jewellery.
- Gaps in the valuation database management and Customs electronic data application allowed gradual increase in trade mis-invoicing leading to foreign exchange/capital outflow.
- There was a surge in import of gold jewellery from Asian countries during the years 2013-14 and 2014-15 when 20:80 scheme was in operation, since import of gold bar was restricted for normal importers.
- On an average 64 per cent of imported gold jewellery were from Switzerland, UAE and Hong Kong out of the 120 odd source countries. However, the importing countries were not being exported to, except in case of UAE and Hong Kong. Similarly, 63 per cent exports of jewellery were to UAE and Hong Kong.
- The country trade analysis indicated repeated transactions, related party transactions, inverted duty structure and re-export. It necessitated a detailed examination.
- DoC was mandated to facilitate creation of an enabling environment and infrastructure for growth of Gems and Jewellery sector. FTP 2015-20, however, did not make any defining provision for the G&J sector.

Department of Revenue – Direct Taxes - (Report no. 3 of 2016)

This Report contains 455 audit observations having tax effect of ₹2,745.50 crore. We pointed out 312 cases pertaining to corporation tax involving tax effect of ₹2459.03 crore, 137 cases pertaining to income tax involving tax effect of ₹286.29 crore and six cases of wealth tax involving tax effect of ₹0.18 crore. Besides 10 transfer pricing cases and one long para on 'Write-off of Arrears of tax demand' were also pointed out.

- The Income Tax Department recovered ₹127.67 crore during FY 2014-15 on the basis of audit observations.
- We noticed 3,881 cases with tax effect of ₹2,490.8 crore in FY 2014-15 which had become time-barred for remedial action.

- Pendency in replies to audit findings each year had resulted in pile-up of 50,005 cases involving revenue effect of ₹62,415.2 crore as of 31 March 2015.
- The amount of demand difficult to recover had increased from ₹34,962.26 crore in FY 2012-13 to ₹74,077.78 crore in FY 2014-15 in respect of audited entities test checked. Of this, only ₹2.21 crore was written off during FYs 2012-13 to 2014-15 in nine states.

Department of Revenue – Direct Taxes - Performance Audit on "Functioning of Internal Audit in Income Tax Department" (Report No. 25 of 2015)

- Internal Audit examined only 81.8 *percent* cases assigned. The practice of selection of high risk units was not in place.
- The internal audit memos not being issued timely {6 CsIT (Audit) charge}, the Internal Audit Reports not being drawn up for issue (15 regions), and delays in initiation or completion of remedial action were noticed (13 regions). Seventy three cases involving tax effect of ₹134.10 crore were noticed in six regions where Internal Audit objections were settled without proper reply or completion of remedial action.
- Inadequate follow up of Internal Audit objections resulted in time barring of 1,553 cases involving tax effect of ₹392.65 crore in 11 CsIT (Audit) charges. Intra-Departmental Meetings were not held for follow-up and settlement of internal audit objections.
- The IAPs of Pr. CCA (CBDT) did not conduct audit of RTI, Systems Audit, e-payment Audit and Refund Audit as per the scope outlined by the CBDT. The shortfalls in audit coverage ranged from 10 to 774 units during FYs 2010-11 to 2013-14 on account of shortage of manpower. Audit noticed instances of delays in issue of IRs, in receipt of replies post issue of IRs and pendency in settlement of paras.

Defence Services (Air Force) - Performance Report on Design, Development, Manufacture and Induction of Light Combat Aircraft (Report No. 17 of 2015)

- Aeronautical Development Agency's (ADA) decision to advance the building of two prototypes failed to yield the desired results as the prototypes were deficient of critical onboard systems.
- Light Combat Aircraft (LCA) Mark-I, has significant shortfalls in meeting the ASR, leading to reduced operational capabilities, survivability and employability.
- Long gestation time led to change of weapon systems on LCA necessitating design changes on the aircraft**,** coupled with delayed specifying of integrating R-73E missile with Multi-Mode Radar/Helmet

Mounted Display and Sight and delayed identification of Beyond Visual range missiles contributed to the delay.

- LCA Mark-I was deficient in Electronic Warfare capabilities as specified by IAF.
- ADA did not make any roadmap for indigenization during LCA development. Indigenous content of LCA worked out to about 35 *per cent* (January 2015).
- LCA systems taken up for indigenous development could not be developed successfully, resulting in LCA's continued dependency on import of these systems.
- Awarding of the 20 IOC contract by MoD to HAL in 2006 when LCA design was nowhere near finalization, was premature. Awarding of contract (December 2010) for supply of 20 FOC configuration aircraft by MoD to HAL even before commencement of supply of IOC configuration aircraft, freezing of designs and achieving of FOC was also premature. HAL had advances of ₹1509.22 crore since 2010 without utilising it (January 2015).
- Due to delay in manufacture and supply of LCA, IAF had to undertake upgradation of MIG BIS, MiG-29, Jaguar, and Mirage aircraft at a cost of ₹20,037 crore and revise the phasing out of MiG-21.

Defence Services (Army) - Performance Report on Ammunition Management in Army (Report No. 19 of 2015)

- **Non-fructification of procurement orders placed on OFB:** The OFB consistently failed to supply the targeted quantity of ammunition, with shortfalls ranging up to 100 per cent in some cases. The slippages in types of ammunition ranged from 54 to 73 *per cent* during 2008-09 to 2012-13.
- Import, as an alternate source of procurement, proved to be unreasonably slow as no procurement of ammunition took place against the nine items initiated for procurement through capital route during the period 2008-2013.
- Ineffective quality controls by the Ordnance Factories led to rejection of finished products in Final Inspection by Quality Assurance Agency. Due to persistent quality problems, ammunition worth ₹1,618 crore was lying as rejected in depots. Ammunition worth ₹814 crore was declared unserviceable within shelf life due to poor quality.
- Ammunition worth ₹3,578 crore were lying in Segregated condition awaiting final decision and ammunition worth ₹2,109 crore was lying in Repairable Major condition awaiting repairs.

Defence Services - Navy and Coast Guard (Report No. 37 of 2015)

- **Medium Refit cum Upgradation of INS Sindhukirti:** The Medium Refit (MR) of an EKM submarine, scheduled to be completed by January 2009, was delivered by the shipyard only in June 2015. As a result, the Navy was unable to operate one of their lethal platforms.
- Inordinate delay by the Engineer-in-Chief Branch in seeking advice of the Legal Advisor (Defence) resulted in an avoidable payment of penal interest of ₹1.15 crore.
- A Project sanctioned in 2003 at a cost of ₹58.77 crore was languishing even after 12 years and an expenditure of ₹83.78 crore.

Defence Services- (Air Force) (Report No. 38 of 2015)

- There was sub-optimal utilisation of operational capabilities of three 'AA' in terms of flying task achieved mainly due to un-serviceability of 'AA'.
- The critical requirement of Air Defence Surveillance was not met for past 17 years due to inordinate delay in supply of 19 Low Level Transportable Radars (LLTRs) despite expenditure of ₹454.48 crore. None of the LLTRs has been commissioned (June 2015).
- Audit found inclusion of ineligible works in Annual Operational Works Plans (AOWPs).
- Audit examination of 14 Mission Mode projects carried out by Defence Research Development Organisation Laboratories revealed that all the projects failed to achieve their timelines.
- Incorrect identification / delayed evaluation of the identified aircraft platform resulted in delay in installation of state-of-the-art intelligence system. The system acquired after twelve years of 'in principle approval' and expenditure of ₹88.70 crore remained afflicted with software issues.
- Resurfacing of newly extended portion of runways within three years of previous resurfacing without identifying any defect / deterioration was without the requisite approval and resulted in injudicious expenditure of ₹1.48 crore.
- HAL did not have the award copies for land in Bengaluru Complex with market value of ₹1,499.53 crore. There was no indenture for 265 plus acres of land in possession of HAL at Nasik (March 2015).

  HAL had acquired land in Bengaluru despite existence of slums and could not evict the slums. In Koraput, 50.21 acres of HAL land was under encroachment by local villagers for over 25 years.
- Against total investment of ₹225.14 crore in 11 JVCs, HAL had already made provision for diminution in the value of investment of ₹49.90 crore made in five JVCs.

- Acceptance of a fixed delivery schedule without freezing of standard of preparation (SOP) and not working through change orders resulted in liability of ₹7.19 crore towards liquidated damages as on March 2014 and has potential to cause further losses to HAL with the progress of the contract.

Defence Services - Army, Ordnance Factories and Defence PSUs (Report No. 44 of 2015)

- The Army was without the Combat free fall (CFF) specialised parachutes for over a decade. The CFF parachutes developed by DRDO in 2006 could not be successfully productionised by the Ordnance Factory Board, even after incurring an expenditure of ₹10.75 crore**.**
- Integrated Headquarters of Ministry of Defence (Army) procured Image Intensifier (II) Sights valuing ₹22.12 crore for Commander of Tank T-55 even after the tank was declared obsolescent in December 2011. 252 II sights worth ₹12.90 crore were still held in stock as of April 2014.
- Excess payment of ₹24.54 crore was made by 25 GEs out of 44 selected for audit. Further, 41 GEs also failed to effect recovery of electricity charges worth ₹23.66 crore from the paying consumers, including private parties.
- Inadequate monitoring of work by the Engineers for Indian Military Academy (IMA), Dehradun resulted in non-completion of main building work costing ₹22.75 crore. The delay of five years had not only deprived the Gentlemen cadets of proper training with modern facilities but also held up the other training projects valuing ₹2.50 crore.
- A new sub-station installed (June 2006) by Rifle Factory Ishapore (RFI) at a cost of ₹4.09 crore was lying idle as the RFI failed to procure and install the requisite switch gears even after nine years.
- Continued procurement of raw materials by M/s BEML when the new technology was yet to be proven and production of dumper without matching shovel resulted in blocking of inventory valued ₹16.14 crore.

Defence Services – Army - Performance Audit on Implementation of Ex-servicemen Contributory Health Scheme (ECHS) (Report No. 51 of 2015)

- Armed Forces Medical Stores Depots (AFMSDs) failed to supply the required quantities of the indented medicine leading to large level of deficiencies at polyclinics. The shortfall in case of AFMSD, Mumbai ranged from 63 to 76 *percent*, whereas in case of AFMSD, Delhi Cantt., the shortfall ranged from 30 to 45 *percent*.
- Medicines/drugs procured for ECHS beneficiaries were being diverted for treatment of regular Service personnel. In Army Hospital Research &

Referral (AHRR) Delhi Cantt the amount of drugs diverted in such manner was to the tune of ₹40.78 crore.

- 4,986 bills amounting to ₹23.61 crore, which were unaccounted, were paid by SHQ (ECHS Cell) Delhi Cantt, to the empanelled hospitals. Audit observed cases of double payments and also absence of control in accounting, which substantiated the audit finding on discrepancy in accounting and payment of bills.
- Test check revealed overpayment of ₹3.51 crore to the empanelled hospitals due to non-adherence to Memorandum of Agreement.
- Stipulated time limit was not adhered to in processing the bills by BPA and CFA due to which the discount of two per cent of amount payable to empanelled hospitals amounting to ₹34.10 crore could not be availed during 2012-13 to 2014-15.

Communication and IT (Report No. 55 of 2015)

Department of Telecommunications (DoT)

- Set off of the non-refundable entry fee of ₹5,476.30 crore, paid in 2008 by licensees whose licenses were declared illegal and quashed by the Hon'ble Supreme Court, against the auction price for spectrum in 1800 MHz / 800 MHz held in November 2012 / March 2013 deprived the Government of ₹5,476.30 crore.
- Telecom Regulatory Authority of India (TRAI), ignoring directions of the Central Government, opinion of its own Legal Division and Ministry of Law, Justice and Company Affairs, opened Regional Offices across the country and incurred an expenditure of ₹14.12 crore till March 2014. The expenditure will be incurred in future also till the ROs are functioning.

Department of Posts

- Procurement of barcoded bag labels without developing the requisite software resulted in imprudent expenditure of ₹1.71 crore besides non-achievement of intended objective.

Department of Electronics and Information Technology

- Expenditure of ₹14.25 crore incurred on the base mapping of the data for Computer Added Digital mapping project remained unfruitful due to improper planning. Lack of proper monitoring and delays at various stages resulted in the hardware and software worth ₹12.10 crore becoming obsolete. NIC also incurred wasteful expenditure of ₹3.74 crore on rent and maintenance charges apart from idle investment of ₹35.20 crore on procurement of the hardware and software which remained unutilised in National Population Project.

Public Sector Undertakings under the Ministry

- Defective planning by BSNL led to avoidable expenditure of ₹8.80 crore on procurement of Magnetic Tape Emulators, partial implementation of Revenue Assurance and Fraud Management systems and non-billing/delays in billing of IPDRs.
- National Informatics Centre Services Inc (NICSI) paid Project incentive of ₹2.11 crore, Transport Allowance of ₹48.87 lakh, House Rent Allowance of ₹16.58 lakh and reimbursement of LTC of ₹1.90 crore to its officers who were on deputation from National Informatics Centre during 2010-11 to 2013-14 in contravention of the Government Guidelines.

Commercial - General Purpose Financial Reports of Central Public Sector Enterprises (CPSEs) No. 9 of 2016

- Non-compliance with government's directives in the declaration of dividend by 17 companies resulted in a shortfall of ₹2,521 crore in the payment of dividend for 2014-15.
- Equity investment in 64 out of 157 government companies and corporations had been completely eroded by their accumulated losses. As a result, the aggregate net worth of these companies had become negative to the extent of ₹74,100 crore as on 31 March 2015.
- During the year 2014-15, the provisions of CSR applied to 185 CPSEs. Of these, 36 CPSEs had an unspent amount of ₹977 crore.
- Guidelines of the Department of Public Enterprises (DPE)/Securities and Exchange board of India on corporate governance, though mandatory, were not being complied with by some of the CPSEs. The significant departures from the guidelines included inadequate representation of independent directors and absence of whistle-blower mechanism.
- A study of management of surplus cash by 36 listed government companies revealed that:

    i. Four CPSEs did not disburse minimum required dividend of ₹1,718 crore despite having sufficient profit after tax.

    ii. Three CPSEs did not disburse minimum required dividend of ₹5,237 crore due to insufficient Profit After Tax, despite having large free reserves.

    iii. In case of 27 CPSEs, free reserves were in excess of three times of the paid up capital. However, bonus shares were not issued as required by DPE in case of 24 CPSEs.

    iv. In case of eight CPSEs, managements are yet to amend Articles of Association to provide for buyback of shares as required by DPE.

v. Ten CPSEs did not formulate their investment policy for investing surplus cash as required by DPE.

Commercial - Performance Audit on 'Nutrient Based Subsidy Policy for decontrolled Phosphatic & Potassic fertilizers' (Report No. 16 of 2015)

- By not fixing the benchmark price for Nutrient Based Subsidy at reasonable level in November 2010, GoI lost an opportunity for saving subsidy of ₹5,555 crore.
- The decision of Department of Fertilizers to resume supply of imported Di-Ammonium Phosphate (DAP) despite availability in the country enabled fertilizer companies to dispatch the imported DAP to district level and claim avoidable subsidy of ₹653 crore.

Commercial - Compliance Audit (Report No. 21 of 2015)

- Ministry of Civil Aviation (MoCA) and Airports Authority of India (AAI) failed to bring to the notice of Airports Economic Regulatory Authority the provisions of Shareholders Agreement led to levy of Development Fee by Delhi International Airport Private Limited, resulting in additional burden on the travelling public of ₹3,415.35 crore.
- India Infrastructure Finance Company Limited lost business opportunity of ₹1,064.94 crore by not agreeing to finance the cost overruns, though the loans were restructured by the Company after having ensured their financial viability.
- Air India Charters Limited renewed dry lease of four aircraft disregarding the rationale for acquisition of 18 new aircraft, shortage of crew and loss making routes which led to unfruitful expenditure of ₹405.83 crore between March 2011 and May 2014 towards lease related charges.
- Lapses in implementation of post shipment finance scheme by State Trading Corporation of India Limited led to non-recovery of dues of ₹347.70 crore. Discounting of export documents of dubious legality conceded by EXIM Bank, were also noticed besides infructuous expenditure on insurance premium of ₹17.07 crore.
- AAI did not take action as per its credit policy and allowed M/s Kingfisher Airlines Limited to continue its operations on credit basis even after withdrawal of the credit facility. AAI also did not act timely on the advice of MoCA to take all legal means beside encashing bank guarantee of the airlines. This resulted in loss of revenue of ₹172.69 crore apart from loss of interest of ₹117.03 crore (up to February 2014).
- Water Injection platform (WIN) commissioned in 1984 is the main water injection hub in Mumbai High North field of Oil and Natural Gas Corporation Limited (ONGC). Non-synchronization of WIN revamping project with repair/

replacement of its associated pipelines and delay in overhauling of Main Injection Pumps led to non-achievement of the designed water injection capacity even after incurring an expenditure of ₹726.50 crore.

- National Textiles Corporation Limited entered into settlement agreement for sharing of land with the erstwhile owner ignoring the fact that it was prime freehold land, without ascertaining commercial viability, which resulted in a loss of ₹205.01 crore to the Company.
- Steel Authority of India Limited (SAIL) had 23 Joint Venture Companies (JVCs) as on 31 March 2014 with total investment of ₹778.82 crore. Only seven were fully functional of which only three were generating profits. Four JVCs were being wound up. SAIL was supplying slag to the JV at prices much below the market price, as a result of which SAIL had lost ₹156.58 crore up to 2013-14.
- Rural Electrification Corporation Limited suffered loss of ₹153.36 crore upto December 2014 as it did not approach Ministry of Power to reimburse the differential interest on soft loans it had extended under Rajiv Gandhi Grameen Vidutikaran Yojana.
- Leave rules/policy for encashment of sick leave or of earned leave with half pay leave exceeding 300 days on superannuation, were in violation of the DPE guidelines and resulted in irregular payment of ₹157.91 crore during April 2006 to March 2014 in four CPSEs. Two CPSEs (IOCL and GAIL) made irregular contributions of ₹12.15 crore on account of provident fund in respect of leave encashment to employees. Further, GAIL did not adjust the employer's share of contribution amounting to ₹14.94 crore on leave encashment paid prior to March 2008.

Commercial - Performance Audit on Capacity addition in power generation during 2007-12 by Damodar Valley Corporation (Report No. 22 of 2015)

- Due to delay in development of the captive coal blocks, the Corporation lost the opportunity to use cheaper coal. Moreover, it had to bear additional cost as Performance Incentive (PI) towards procurement of coal over and above the Annual Contracted Quantity (ACQ).
- The Corporation could not construct permanent ash pond at Koderma Thermal Power Station due to non-possession of the land. The Corporation had to construct a temporary ash pond by incurring an extra expenditure of ₹36.50 crore.
- Actual cost of five completed units and one unit in advanced stage was 35 *per cent* higher than the original approved cost. The actual cost of the remaining three units under execution was 42 *per cent* higher than the original approved cost.

- Thirty nine per cent (975 MW) of the capacity of new units commissioned and thirty three *per cent* (725 MW) of the capacity of upcoming units under 11th Plan project could not be allocated to the prospective consumers resulting in surplus power.
- None of power projects earmarked for execution during the 11th plan period were commissioned within the specified timeline resulting in loss of opportunity to earn additional return on equity of ₹1011.73 crore.
- The capacity utilization of all the five units commissioned under 11th plan was lower due to forced outage of the units caused by boiler tube leakages, problems in Turbo Generator, electrical system and Control & Instrumentation etc. As a result, the Corporation could not generate 2345.27 MU of power and suffered loss of ₹476.66 crore towards non-recovery of fixed cost during the period 2011-12 to 2013-14.

Commercial - Performance Audit on 'Modernisation and Expansion Plan (MEP) in Steel Authority of India Limited (SAIL)' – (Report No. 23 of 2015)

- Total cost of proposed MEP projects increased from ₹43,142 crore to ₹77,691 crore, an increase of 80 per cent.
- Out of 153 projects of ₹20 crore and above awarded during 2008-13, the Company took more than two years in 25 cases and more than three years in 87 cases in completing the tender finalization process.
- SAIL did not have a clear and transparent policy for dealing with cases which could be re-tendered or negotiated, threshold for acceptance of quoted prices which were higher than cost estimates, and split of main package into number of sub-packages to obtain more competition.
- All the 104 contracts of ₹100 crore or more were not completed within the time stipulated in the contracts. Delay in 21 contracts was between 1-2 years, in 39 contracts 2-3 years, and more than 3 years in 38 contracts.
- Due to delays in completion of capacity expansion in five integrated steel plants, on which ₹49,565 crore had already been spent as of 31 December 2014, the envisaged annual gross margin of ₹9,438 crore also got delayed.

Commercial - Performance Audit on Land Management in Major Ports – (Report No. 27 of 2015)

- There were instances of ambiguity in policy guidelines. Specific terms and phrases relating to land management needed to be more clearly defined so as to provide effective guidance and direction to the ports and also ensure that these were implemented uniformly by all ports.
- The land use plan was not updated or revised and landholdings were not reconciled with relevant records like title deeds and other documents of State Revenue Authorities.

- Ports did not take timely and effective steps to curb encroachment. Allotment of lands was not made in accordance with land policy guidelines.
- Ports did not adhere strictly to the guidelines relating to revision of tariff at specified intervals.
- The ports were lagging behind in achieving the objective of implementing digitization of land management process.

Commercial - Performance Audit on Utilization of Rigs in Oil and Natural Gas Corporation Limited – (Report No. 39 of 2015)

- Non Productive Time (idling time) of rigs ranged between 19 and 23 per cent over 2010-14. The bulk of idling time costing ₹6,418 crore was due to factors which could have been controlled by the Company.
- ONGC did not adhere to safety procedures and continued to do drilling/testing operations even after one anchor of the rig Sagar Vijay had snapped. As a result, another anchor of the rig snapped which caused drifting of the rig from its location. Consequently, the well had to be closed and abandoned. As a result, expenditure of ₹1577.27 crore incurred on drilling of the original location and drilling of a relief well by using another rig proved avoidable. The insurer did not honour the claim of ONGC on the ground that the latter had not followed recognised safe operating practice.
- ONGC did not adhere to the repair schedule for dry dock management and major lay-up repairs of jack-up rigs which is against an efficient operational practice. Rigs were being operated with outdated/ obsolete equipment.
- Efficiency of repaired jack-up rigs and drill ships did not improve significantly. Rig Sagar Vijay upgraded for drilling wells with water depth of 900 meters did not actually drill a single well of more than 400 meter water depth during 2005-2013.
- ONGC failed to decide a policy on acquisition of new offshore rigs for over a decade (2002-2015). Meanwhile, four of its six offshore rigs had outlived their economic usable life.

Commercial - Audit of National Skill Development Fund and National Skill Development Corporation (Report No. 45 of 2015)

- NSDF was created to act as a receptacle for financial contributions by Government/Government entities, multilateral and bilateral and private sector. However, no contribution from private/bilateral or multilateral sources was received by NSDF even after five years since its formation.
- NSDC was conceived to be “private sector led”. However, NSDC had been working only with taxpayer’s money since its inception in 2008. The financial stake of the Government in NSDC was 99.78 per cent with 49 per cent equity

ownership. NSDC was also kept out of the parliamentary oversight over its functioning.

- NSDC was converted from a public limited company to a private limited company in June 2011. Audit could not ascertain whether Cabinet approval for this change had been taken.
- 57 to 83 percentages of partners receiving financial assistance from NSDC did not achieve training targets during 2010-11 to 2013-14. Majority of them also could not achieve the placement targets for the trained persons. Four partners defaulted in repayment of loans to NSDC.

Commercial - Performance Audit on PPP Projects in Major Ports – (Report No. 49 of 2015)

- The high royalty rate fixed by Jawaharlal Nehru Port Trust (JNPT) in its agreement with Nhava Sheva International Container Terminal (NSICT) had made the project progressively less remunerative to the operator and threatened the viability of the project. After 18 years of operation, JNPT now proposes to migrate from royalty to revenue sharing mode.
- While planning for PPP projects in the pre-Model Concession Agreement (MCA) period, the ports and the Ministry failed to standardize the charges to be shared by the Private partner, resulting in total revenue of ₹467.95 crore not being shared by the private partner at four ports.
- Cochin Port Trust extended concessions valuing ₹ 40.23 crore to Dubai Ports International (DPI), the concessionaire for International Container Transshipment Terminal (ICTT) due to deviations from Request for Qualification terms. ICTT continued to operate at 35 *per cent* capacity since its commissioning in 2011 and the port had not reaped any additional return by extension of concession.
- Audit did not notice significant improvement in the quality of service after introduction of PPP model.

Railway - Performance Audit on Dual Freight Policy for Transportation of Iron Ore Traffic in Indian Railways – (Report No. 14 of 2015)

- There was freight evasion of ₹ 3266.82 crore during May 2008 to September 2013, due to acceptance of indents without obtaining prescribed documents or acceptance of partial documents.
- There was freight evasion of ₹ 938.46 crore due to acceptance of invalid documents at loading/unloading points.
- By not checking the Excise Returns of the consignees, Railway Administration failed to assess the quantity of iron ore short reported and not used for domestic purpose, thereby facilitating irregular transport of iron ore at domestic consumption rates. Diversion of iron ore which was transported at

domestic consumption rate, before entering the factory premises attracted a penalty of ₹ 5095.97 crore which was not recovered.

Railway – Financial Report – (Report No. 15 of 2015)

- During 2013-14, Gross Traffic Receipts (GTR) increased by 12.79 per cent, whereas Ordinary Working Expenses grew by 16.14 per cent.
- Annual growth rate of freight earnings declined sharply from 22.60 per cent to 10.14 percent and passenger earnings grew from 10.89 per cent to 16.63 per cent.
- Operating Ratio (percentage of working expenses to traffic earnings) of IR deteriorated to 93.60 in 2013-14 from 90.19 in 2012-13.
- Net Surplus after meeting dividend liability decreased to ₹ 3,740.40 crore in 2013-14 as compared to ₹ 8,266.25 crore in 2012-13
- The balance available in the Railway funds increased from ₹ 4073.41 crore in 2012-13 to ₹6,025.28 crore at the end of 2013-14, but was significantly less than ₹ 15,654.68 crore in 2008-09.
- IR spent ₹ 1,877.09 crore more than authorized by the Parliament in six revenue grants and 10 appropriations and ₹842.66 crore in capital grant (one segment) and appropriation (two segments).

Civil - Performance Audit of Total Sanitation Campaign/ Nirmal Bharat Abhiyan (Report No. 28 of 2015)

- **Planning:** Plans prepared at Gram Panchayat level were not consolidated into Block Plan and further into District Plan in 73 (49 *per cent*) test checked districts of 12 States. Annual Implementation Plan (AIP) did not indicate the District/Block/Gram Panchayat (GP) wise allocation of physical and financial targets.
- **Project Implementation:** Project districts could construct only 222.32 lakh (52.15 *per cent*) and 207.55 lakh (44.18 *per cent*) Individual Household Latrines (IHHLs) during 2009-10 to 2013-14. The Ministry had shown construction of 693.92 lakh IHHLs up to February 2011 in 16 states against a figure of 367.53 lakh households (Census 2011) having toilet facilities within the premises, in these States.

  12.97 lakh IHHLs involving expenditure of ₹186.17 crore were constructed by engaging contractors/Non-Government Organisations (NGOs), etc. in violation of the Scheme guidelines. Further, financial irregularities, like expenditure without approval, diversion of funds, etc., amounting to ₹7.81 crore were also noticed in construction of Solid and Liquid Waste Management (SLWM) infrastructure in 13 districts of seven States.
- **Management of Funds:** The Ministry released only 48 *per cent* of the funds demanded by the states. 16 states either did not release or short-released

their share of funds during 2009-14. Despite availability of ₹13,494.63 crore, only ₹10,157.93 crore was spent on scheme implementation during 2009-10 to 2013-14. The unspent amount varied between 40 *per cent* and 56 *per cent*.

- In nine States ₹212.14 crore remained parked/unutilized for 4 to 29 months. In six States, advances of ₹48.97 crore paid to various implementing agencies were outstanding from 16 to 120 months. Interest of ₹5.58 crore accrued on scheme funds was not accounted for in eleven States.
- **Information, Education and Communication (IEC):** Due importance was not given to IEC and 25 *per cent* of total IEC expenditure during 2009-10 to 2011-12 was incurred on activities unrelated to IEC. The Ministry also failed to evaluate its IEC campaign, on which it had spent ₹788.60 crore in 5 years.

Scientific and Environmental Ministries/Departments – (Report No. 30 of 2015)

- **Implementation of Drugs and Pharmaceutical Research Programme**

  Deficiencies in selection, financial management and monitoring of projects sanctioned by Department of Science and Technology under Drugs and Pharmaceutical Research Programme led to non-realisation of outstanding loans and interest of ₹73.68 crore, non-receipt of final project completion reports and consequent lack of information on outcome generated from the projects. The objective of enhancing capabilities of Indian pharmaceutical industry and promoting them to develop new drugs at lower costs were not achieved.

- **New Millennium Indian Technology Leadership Initiative Scheme**

  New Millennium Indian Technology Leadership Initiative Scheme, implemented by Council of Scientific and Industrial Research with the objective of building, capturing and retaining a global leadership position for India in selected areas through scientific and technological developments, did not yield expected results. Out of 30 projects seen in audit, technologies were commercialised in only four projects. Nine industrial partners defaulted in repayment of loans of ₹64.92 crore. There were instances of insufficient monitoring, non-compliance with scheme guidelines and time and cost overruns.

- **Implementation of E-waste (Management and Handling) Rules, 2011 by Central Pollution Control Board**

  Central Pollution Control Board did not conduct assessment of quantity of e-waste being generated/ processed in the country and effectively coordinate with State agencies for collection and compilation of such data.

The Board also failed to implement framework for reduction of use of hazardous substances in Electrical and Electronic Equipment manufactured and imported in the country.

- **Inordinate delay in completion of pilot projects for sewage treatment**
  Central Pollution Control Board took up demonstration projects for treatment of sewage at four locations. After more than four years and expenditure of ₹8.22 crore, sewage treatment could not commence at any of the four locations due to lack of planning, coordination and monitoring.
- Department of Science and Technology delayed executing lease deed in respect of land acquired from New Okhla Industrial Development Authority (NOIDA) for 21 years and failed to complete construction of office complex within permissible time period.

Civil - Performance Audit on Procurement and Milling of Paddy for the Central Pool (Report No. 31 of 2015)

- Food Corporation of India (FCI) unjustifiably reimbursed Mandi Labour Charges (MLC) ₹194.23 crore in Bihar, Odisha and Andhra Pradesh regions during 2009-10 to 2013-14.
- Additional one per cent driage allowance since 1998 resulted in avoidable subsidy of ₹952.37 crore during 2009-10 to 2013-14.
- Due to large number of deficiencies noticed, there was no assurance for ₹17,985.49 crore paid as Minimum Support Price that the farmers actually did get full MSP for their produce.
- 82.46 LMT paddy valuing ₹9,788.50 crore procured in Punjab during 2010-11 and 2013-14 was found below specifications during inspection by the Ministry of Consumer Affairs, Food and Public Distribution.
- In Punjab, ₹163.72 crore was incurred by SGAs on transportation of paddy, though it was not eligible.
- In Uttar Pradesh, Bihar and Chhattisgarh, 5,744.09 MT of paddy/Custom Milled Rice (CMR) valuing ₹6.58 crore were transported through doubtful means of transport such as Motorcycle, Auto Rickshaw, Jeep, Taxi, Thela (Jugad), Car etc., indicating possibility of false claims by the transporters.
- Despite significant increase in realization value of by-products, milling charges have not been revised since 2005. This resulted in excess net realization of ₹3,743 crore from sale of by-products by the millers in Andhra Pradesh, Chhattisgarh, Telangana and Uttar Pradesh during 2009-10 to 2013-14.

- In Punjab, the procuring agencies did not recover the applicable penal interest from the millers for delayed milling of paddy/delivery of rice resulting in undue benefit of ₹159.47 crore to the millers.
- In the audited districts of Bihar, Haryana, Odisha, Punjab, Uttar Pradesh and Telangana 15.89 LMT paddy/CMR valuing ₹3,042.87 crore and 23.34 LMT of Levy rice valuing ₹4,527.91 crore was not delivered by millers to FCI/SGAs. In absence of collateral security from the millers, the SGAs/FCI had no recourse to recover the value of non-delivered CMR.

Civil - Performance Audit on Tribal Sub-Plan (TSP), Ministry of Human Resource Development, Ministry of Health & Family Welfare and Ministry of AYUSH (Report No. 33 of 2015)

- Audit found that there were releases of TSP fund amounting to ₹706.87 crore to the tribal majority States, where TSP is not applicable.
- Audit found that ₹326.21 crore of TSP funds were released to those States/UTs where ST population was absent as per Census 2011 and as such TSP component was not applicable to them.
- Funds amounting to ₹433.09 crore in 62 cases were released at the fag-end of the year (March) in contravention of GFR provisions.

Civil - Performance Audit on Renewable Energy (RE) Sector in India (Report No. 34 of 2015)

Compliance with Renewable Purchase Obligation (RPO) and availing of benefits of Clean Development Mechanism

- As against the National Action Plan on Climate Change target of eight and nine *per cent* for the years 2012-13 and 2013-14, the national achievement was only 4.28 and 4.51 *per cent,* respectively.
- In none of the 24 sampled States, except Himachal Pradesh and Tamil Nadu, Renewable Purchase Obligations (RPO) were fixed in sync with the norms set under the National Action Plan on Climate Change.
- Direct purchase of electricity generated from RE sources was still the preferred option to meet RPO. Between 2010 and 2014, only 4.77 *per cent* of RPO compliance was through Renewable Energy Certificate (REC) mode, whereas 95.23 *per cent* was through direct purchase of electricity from RE sources.
- Uncertain policy environment and poor RPO enforcement led to a situation, where as of August 2014, 93,64,699 RECs, each valuing at least ₹1,500 were lying unredeemed, affecting the planned cash flow of the generators.

- The Ministry of New and Renewable Energy (MNRE) had not devised any mechanism for claiming Clean Development Mechanism (CDM) benefits for the grid connected and off-grid RE projects. There was lack of awareness with respect to claiming CDM benefits.

Solar Power

- In the ten States endowed with 78 *per cent* of the National solar potential, the exploited potential varied from zero to 2.56 *per cent*. Jammu & Kashmir and Himachal Pradesh had not set up any grid connected solar project.
- Solar Photovoltaic power project developers availing Generation Based Incentive (GBI) were not eligible to avail Accelerated Depreciation (AD) benefit under the Income Tax Act 1961. This was not ensured by MNRE/Indian Renewable Energy Development Agency (IREDA) before releasing GBI claims of ₹22.49 crore to Reliance Industries Ltd (RIL), which claimed both GBI and AD during August 2010 to December 2012.
- MNRE had not formulated guidelines for net metering to provide an enabling environment for solar technology penetration in the country.
- Against the target of 500 MW of Solar Thermal projects, projects of 447.50 MW (approximately 90 *per cent*) had not been commissioned (February 2015).
- Lack of coordination between NTPC Vidyut Vyapar Nigam Limited, Power Grid Corporation of India Limited and State Agencies led to delay in supply of thermal based power for bundling arrangement and non-availability of Long Term Access for inter-State transmission system to the State Agencies, resulting in disputed claims with distribution companies.

Wind Power

- The installed capacity of grid interactive wind power in the country in March 2014, was 21 *per cent* of the country's wind energy potential.
- There was no competition in the wind energy sector either with respect to tariff fixation or allocation of sites to the developers. Thirty two stations allotted to private developers were not developed within the extended time frame.
- In the ten States endowed with 97 *per cent* of the country's wind potential, the exploitation varied from zero to 68 *per cent* of the potential. Of the four highest potential States, Gujarat, Andhra Pradesh and Karnataka had very low rates of exploitation ranging from five to 17 *per cent*.
- There were problems in evacuation of wind power generated by the States due to non-availability of sufficient transmission infrastructure and non-synchronization of generation.

- No progress had been made in repowering over 4,600 turbines with an aggregate capacity of 1.6 Giga Watt.

Small Hydro Power

- The installed capacity of grid interactive Small Hydro Power projects in the country in March 2014, was 19 *per cent* of the country's Small Hydro Power potential. Of 6,474 potential sites identified by MNRE, projects had been installed on 997 sites and 254 projects were under implementation.
- There were delays and problems in conducting feasibility studies for identifying potential sites. In Himachal Pradesh 37 consent letters were issued but the Independent Power Producers did not submit any Detailed Project Report even after five years. Fifty two projects in Arunachal Pradesh and 50 projects in Chhattisgarh had not been commissioned, and were still in the preliminary stages.
- Due to delays and problems in according technical approvals, allotment of projects, acquiring land and obtaining forest and environmental clearances, several projects could not be taken up and completed in time.
- Approved projects could not be completed due to negligence of contractors, midway changes in design, etc. resulting in significant time and cost overruns.
- Sixty projects in five States were shut down, under repairs and maintenance or working below capacity, resulting in loss of power generation and revenue.

Biomass Power

- The installed capacity of grid connected biomass power in the country in March 2014, was 23 *per cent* of the country's potential of 17,981 MW.
- Audit observed instances of non-traceable biomass plants, inoperative plants, plants working at lower capacities, plants installed with different specifications than approved and plants using non-permitted fuels. None of the developers had furnished the generation data to MNRE after the commencement of commercial generation of electricity.

Solar Photovoltaic Systems

- MNRE did not align its off-grid targets with the Jawaharlal Nehru National Solar Mission (JNNSM) targets. Only 31 *per cent* of the JNNSM targets were achieved.
- There were cases of irregularities in distribution of solar devices, delay in distribution, irregular purchases of solar devices, and deficiencies in award of works for Solar Power Plants, irregular payments and delays in completion of projects.

- Cases of irregular installation, non-installation of solar devices and poor quality of work indicated deficiencies in monitoring and evaluation.
- Maintenance of the off-grid systems was deficient. Audit verification of sampled systems revealed that 47 *per cent* of the off-grid systems were not working.

National Biogas and Manure Management Programme

- The total estimated potential for biogas plants was 1.23 crore plants, of which 47.52 lakh biogas plants (39 *per cent*) were installed as of March 2014.
- Audit verification of sampled systems revealed that 26 *per cent* of the biogas plants were not working.

Remote Village Electrification

- The number of remote villages/ hamlets covered was 10,318 in March 2014, although the number eligible for electrification was 12,392.
- Audit observed instances of inordinate delays in completion of projects, award of contracts to ineligible contractors, irregular distribution of lighting systems and incomplete/non-installation of Remote Village Electrification systems.
- Deficiencies in maintenance of systems were noticed across the sampled States. Physical verification revealed that 20 *per cent* of the Remote Village Electrification systems were not working.

Ladakh Renewable Energy Initiative

- Even after four years, none of the 17 Small and Micro Hydro Power projects sanctioned had been commissioned as of July 2015.
- The projects were sanctioned without conducting proper feasibility studies, allotment of land, statutory clearances such as environmental, forest, irrigation clearances and technical approvals. This was compounded by slow progress in execution of projects.
- Off-grid solar power projects were sanctioned without conducting feasibility studies. Two solar plants were installed in a village that was already covered under Rajiv Gandhi Grameen Vidyutikaran Yojana and 702 Solar Home Lighting Systems were distributed to ineligible beneficiaries.

Prime Minister's Special Package for Arunachal Pradesh

- There was shortfall in achievement of Planning Commission targets, mainly on account of non-completion of nine Small Hydro Power projects. The Department of Hydro Power Development did not complete 13 hydel projects and Arunachal Pradesh Energy Development Agency had not completed 25 hydel projects. As of 2013-14, only 1,051 i.e. 65 *per cent* of the villages had been electrified.

- Even after completion, some of the projects were non-functioning due to defective equipment, natural calamities, lack of repair, abandoning of projects by contractors, etc.

Research, Design, Development and Demonstration Activities in the Renewable Energy Sector

- Realisation of deliverable outcome was not achieved in a majority of projects. There were delays in implementation of projects and inability of the implementing agencies to either file patents or publish research papers as envisaged in the projects.
- Monitoring of the projects by MNRE was lax.

Report No. 32 of 2015 of the Comptroller and Auditor General of India - Union Government (Civil), Union Territories without Legislatures

Financial Management and Internal Control at Port Management Board

- The objectives of Port Management Board (PMB) entailed extension of port facilities at the Ports of Andaman and Nicobar Islands (ANI), formulation of rules and regulations towards levy and collection of various charges and conservancy of harbours. No initiatives were taken by the Administration for framing periodical rules and regulations necessary for the smooth operation of the activities being executed by PMB. There was no policy for augmentation of revenue nor was there any policy for land management. The absence of proper internal control mechanism further affected the functioning of PMB.

Irregular parking of government funds

- Parking of funds to the tune of ₹216.59 crore with Lakshadweep Development Corporation Limited (LDCL) and not refunding the unspent amount of ₹40.48 crore to Union Territory of Lakshadweep (UTL), resulted in blocking of government money.

Civil - Performance Audit on Construction Activities in Central Armed Police Forces (Report No. 35 of 2015)

Land Acquisition Process

- In 56 cases out of 132 selected land acquisition cases, there was significant delay ranging between 5 months and 9.7 years in acquiring land. In 31 cases of selected land acquisition cases, CAPFs could not acquire the land within the prescribed time limit in spite of depositing the cost with the state government.
- In five cases in Kerala, no clause was included in the lease deed for its extension after the expiry, which was in contravention of the guidelines issued by MHA.

Construction Activities- Issue wise

- Preparation of incorrect preliminary estimates (PEs) by executing agencies resulted in inflated PEs by ₹14.22 crore.
- 6 works amounting to ₹ 206.62 crore were split up into 2 to 8 works in order to avoid the approval of higher authorities in contravention of Rule 130 of GFR.
- In 240 works of ₹1161.10 crore, the delay in tendering was up to 90 months from the date of sanction.
- In 129 completed works, there was cost overrun of ₹63.02 crore.
- There was a saving of ₹289.08 crore in 189 completed works due to wrong calculation of plinth area by the department, modification of drawing, revision of estimate and site conditions etc.

Financial Irregularities

- In 20 selected works, mobilisation advances amounting to ₹87.64 crore were given, but no separate account for mobilization advance was maintained.
- Although there were delays up to 56 months in completion of works, compensation/Liquidated Damage (LD) charges amounting to ₹19.86 crore were not levied on the contractors.
- Excess payment of ₹6.42 crore was made to the contractors/PWOs.

Civil - Performance Audit on Mid-Day Meal Scheme (Report No. 36 of 2015)

- The enrolment of children in the MDM Scheme covered schools registered a consistent decline over the years.
- One of the objectives of MDM Scheme is to encourage poor children to attend school more regularly, but most states did not formulate any criteria to identify poor children.
- The mechanism in place for assimilating data on the number of children availing MDM was seriously compromised.
- In most of the test checked schools, prescribed inspections were not carried out to ensure Fair Average Quality of foodgrains and quality of midday meal served. Most schools sample checked in audit were lacking in infrastructural facilities like kitchen sheds, proper utensils, availability of drinking water facility etc.
- The prescribed health checks were absent. In most states the children were not administered micronutrient supplements and de-worming medicines.
- The prescribed nutrition to children was not provided in test checked schools of at least nine states.

- The provisions for monitoring and inspection prescribed in the scheme were not followed effectively.
- The concerns raised by the Public Accounts Committee (15th Lok Sabha) remained largely unaddressed.

Civil – Special Audit of Medical Education Projects of Employees' State Insurance Corporation (Ministry of Labour and Employment) (Report No. 40 of 2015)

- The Corporation had sanctioned 17 out of 21 Medical Education Projects and started the construction of 16 medical projects.
- The feasibility study for selection of sites/locations conducted by the consultant was not comprehensive and the selection of sites by ESIC for construction was also arbitrary and not based on norms.
- Award of different works to consultants was carried out in an arbitrary manner. As per CVC directives the consultants fees should be pegged to the original contract value payable. Due to non-inclusion of this clause in six out of 21 agreements, ESIC was liable to pay extra consultancy fees of ₹24.68 crore.
- All medical education projects taken up, except two, were behind schedule. The total cost of all the projects was revised from ₹8611.94 crore to ₹11997.15 crore resulting in cost overrun of ₹3385.21 crore.

Civil - Financial Audit Report on the Accounts for the year 2014-15 (Report No. 50 of 2015)

- Only 9.5 *per cent* of the Research and Development Cess aggregating ₹5,783.49 crore, collected during 1996-97 to 2014-15, was utilized towards the objectives of the said cess.
- There was a continuous adverse balance in the Beedi Workers Welfare fund, which steadily increased from (-) ₹53.51 crore in 2008-09 to (-) ₹171.29 crore in 2014-15.
- Of the total collection of ₹1,54,818 crore as primary education cess in the CFI, only ₹1,41,520 crore was transferred to the Prarambhik Shiksha Kosh.
- Expenditure on interest on refunds amounting to ₹5,332 crore was incurred by the Central Board of Direct Taxes (CBDT), without the authorisation of the Parliament.
- In five cases, across four grants, ₹60.25 crore was incurred under object head '31-Grants-in-aid-General' without obtaining prior approval of the Parliament.
- In four cases across two grants, ₹202.04 crore was augmented without prior approval of the Parliament to the object head 'Subsidies' attracting limitations of NS/NIS.

- Misclassifications by departments resulted in overstatement of capital expenditure by ₹748.43 crore and understatement of capital expenditure by ₹522.67 crore.
- In 27 cases, across 19 grants/appropriations, expenditure of ₹2,954.65 crore was misclassified in a number of primary units of appropriation.
- In 26 Ministries/Departments, 37,569 UCs involving ₹51,527.10 crore*,* due on 31st March 2015*,* were outstanding*.*

Civil - Performance Audit on the Preparedness for Implementation of National Food Security Act, 2013 (NFSA) (Report No. 54 of 2015)

Identification of beneficiaries and issuance of ration cards

- Ministry extended the timeline for implementation thrice, latest being till September, 2015, though there was no such provision under NFSA.
- Most of the implementing States did not identify the Antyodaya Anna Yojana (AAY) and priority household's beneficiaries but used the old database of beneficiaries for extending the benefits.
- In Himachal Pradesh, 6.9 lakh old ration cards were stamped as priority household and AAY households and re-issued as NFSA compliant. In Karnataka, 8.90 lakh bogus and ineligible ration cards were found. State Government continued to issue foodgrains on them.

Preparedness in Logistics: Allocation, Movement and Storage of Foodgrains

- National Foodgrains Movement Plan was not prepared despite being decided in 2012.
- In the test checked States the storage capacity of foodgrains was not adequate for holding three months requirement. The existing storage capacity in the States/UTs needed upgradation.

Reforms in Targeted Public Distribution System

- Doorstep delivery of food grains was not implemented in Assam, whereas in UP and Maharashtra it was implemented partially. In Himachal Pradesh and Karnataka, doorstep delivery was being done by FPS dealers themselves, which was against the provision of NFSA.
- Computerization of TPDS operations was not completed in the selected States/UTs.
- Unavailability of required computer application and hardware were the limiting factors in the selected States/UTs. Inadequate digitization of the identified beneficiaries' data was observed in the States/UTs.

Grievance redressal Mechanism and Monitoring

- The grievance redressal system in six out of nine selected States/UTs were not fully functional. Vigilance committees at all the four levels were not in existence in any of the selected States/UTs. Ministry did not have the information on grievance redressal mechanism and vigilance committee, and was not in position to monitor the implementation. Similarly, monitoring done by the States was inadequate and there were shortfalls in inspections.

III B CAG Reports tabled in State Legislatures

Rajasthan (Report No. 1 of 2016) – Revenue Sector

A Performance Audit of **'**System of Registration, Assessment and Collection under VAT' disclosed the following:

- 1,440 dealers had collected tax of ₹11.39 crore but showed nil turnover in their returns. The Assessing Authorities could not detect the evasion and did not levy tax including interest and penalty of ₹38.95 crore.
- 142 mine owners/lease holders were not brought under the tax net and tax amounting to ₹9.49 crore could not be levied on turnover of ₹189.87 crore.
- Return formats were inadequate to capture all essential details to ascertain the correct tax liability. Absence of information resulted in non-levy of tax including interest and penalty of ₹6.37 crore on 22 dealers.
- In 189 dealers, there was wrong allowance/non-levy of input tax credit, interest and penalty of ₹6.61 crore.
- In 144 cases, there was non-levy of reverse tax, interest and penalty of ₹4.93 crore.
- In 117 cases, there was non-imposition of penalty of ₹3.24 crore.

Rajasthan (Report No. 5 of 2015) - PSUs

- The deficiencies noticed in the Performance Audit on Redressal of Consumer Grievances by Jaipur Vidyut Vitran Nigam Limited (JVVNL) for the year ended March 2008 continued. The recommendations made by Audit and COPU and assurances given to COPU in ATNs were not fully implemented by the Company.
- The following were some important Compliance Audit observations:
  - JVVNL incurred avoidable excess expenditure of ₹2.20 crore on purchase of compact fluorescent lamps at higher rates.
  - RIICO and RSMML made irregular contribution of ₹3.42 crore to the Employees' Provident Fund towards leave encashment.
  - RTDC did not adhere to the provisions of Reservation and Cancellation Policy for luxury trains. Delay in action against the defaulter general sales agent caused non-recovery of ₹13.17 crore and loss of interest of ₹1.85 crore.

- Rajasthan State Warehousing Corporation failed to augment the desired storage capacity in the State. The godowns were also not constructed as per the specifications.

Gujarat (Report No. 2 of 2016) – G&SS

The performance audit on "Delivery of Healthcare Services in Government Hospitals at District Level" conducted for the period 2010-15 revealed the following deficiencies:

- The five year plan for betterment of healthcare services in district level hospitals was not comprehensive and had no specific targets and timeframe to achieve the targets.
- The sanctioned strength of all cadres of staff including doctors and nurses remained much below the IPH Standards in the test-checked DHs. The shortfall ranged between 29 and 77 *per cent.*
- Availability of beds in DHs was neither as per IPH Standards nor in consonance with the requirements. Shortage of beds in test-checked DHs ranged between 52 and 73 *per cent*. Audit observed instances of highly congested wards, patients lying on the floor, two patients on one bed and patients in the passageway.
- A number of essential drugs were not available in the stock for more than four months.
- Instances of supply of Not of Standard Quality (NSQ) medicines by Gujarat Medical Services Corporation Limited (GMSCL) were noticed. Most of the NSQ medicines were issued to the patients due to delay in receipt of sample testing reports.
- Essential specialist services of General Medicines, Obstetrics and Gynaecology, Paediatrics, Orthopaedics, Radiology, *etc*. were either not available or partially available.
- Accident, Emergency and Trauma care services were either not available or were not equipped with essential equipment in test-checked DHs.
- Intensive Care Units (ICU) were not available in DH Petlad, DH Surendranagar and DH Vadodara. In other test-checked DHs, only one or two ICU beds were fully equipped with life saving equipment to handle critical cases.
- Audit observed instances of higher neo-natal and maternal deaths, vacant posts of Gynaecologists and Paediatricians, and lack of life saving equipment and beds in the maternity ward of test-checked DHs.
- Equipment for conducting various tests were not available in the diagnosis and imaging departments in test-checked DHs. Blood bank/blood storage

centres were either not established or remained non-functional except in DH Godhra, DH Surendranagar and DH Himatnagar.

- Referral management and infection control were not upto the mark in any of the test-checked DHs.
- IPH Standards prescribed for quality assurance was either not followed or partially followed by the test-checked DHs.

Maharashtra (Report No. 1 of 2016) – Economic Sector

- Performance audit of the Maharashtra Forest Department revealed that despite implementation of State Forest Policy since 2008, the forest cover in the State over eight years remained stagnant at 16.45 *per cent*. The outlay for the forestry sector in the State was merely one *per cent* of the total plan outlay in contrast to 2.5 *per cent* recommended by the National Forest Commission. The apportionment of forest development tax to the Department was abysmally lower than that remitted to the State Government annually. A number of Divisions could not attain the physical targets fixed in the working plans. The management of CAMPA funds was far from satisfactory. The monitoring, evaluation and internal controls in the Department were deficient.
- The maintenance and repair works to Government buildings were taken up by the Public Works Department in an ad-hoc manner, without preparation of annual repair programmes. The Department did not revise the norms (financial and physical) for maintenance and repair works for the last 10 to 24 years. Buildings in urgent need of repairs remained unattended for long durations. Works of capital nature were executed from maintenance grants in violation of Department’s guidelines. The internal controls and monitoring mechanism in the Department was weak.
- Review of procurement and milling of paddy under Minimum Support Price Scheme revealed that the procurement centres did not have the requisite equipment to check the quality of paddy procured. There was loss of ₹82.96 crore on account of disposal of 11.44 lakh quintal unmilled paddy. The millers were also granted undue financial benefits as the State Government did not levy penalty of ₹160.41 crore for their inability to deliver 5.85 lakh quintal custom milled rice to the FCI during Kharif Marketing Season 2009-14. Penalties totaling ₹4.62 crore for delay in lifting of paddy by the millers within the stipulated period and short-deposit of the required grade of custom milled rice with the FCI were also not levied on the millers.

Punjab (Report No. 2 of 2015)

- Performance audit on ‘Procurement, Storage and Custom Milling of Paddy’ in Punjab Agro Foodgrains Corporation Limited revealed that excess milling period in the CMPs resulted in loss of interest of ₹188.87 crore during crop years 2010-14; ₹143.11 crore was recoverable from the millers on account of short delivered/ misappropriated rice, cost of gunnies and other recoveries; expenditure amounting to ₹20.71 crore on transportation of paddy to rice mills within 8 kms was not recovered from the millers though these were inbuilt in the milling charges.

- While unbundling the erstwhile Punjab State Electricity Board, Government of Punjab placed a financial burden of ₹25,097.64 crore on the two successor entities – PSPCL and PSTCL - by passing unfunded liabilities to them. The State Government sought to refurbish their balance sheets by (i) inflating its equity capital in the two entities by ₹3,741.34 crore by reflecting consumer contributions and grants and subsidies as equity capital and (ii) including revalued land assets of ₹4,874.41 crore whose ownership was not vested in the two successor entities.
- After accounting for the impact of Auditors' qualifications, the Punjab State Power Corporation Limited incurred huge loss during 2010-13. It had a long-term debt of ₹15,953.88 crore at the end of 2013-14. Non transfer of correct balances of assets and liabilities, incorrect accountal of loss and failure to limit expenditures within the fixed norms resulted in Company contracting loans much above the investment plan loans and working capital loans approved by the PSERC. It incurred heavy finance and interest cost of ₹1,914.52 crore and avoidable payment of penal interest of ₹20.86 crore which affected the fund position. Failure to implement measures suggested by the Regulatory Commission resulted in non-recovery of ₹4,373.64 crore.
- In Punjab State Bus Stand Management Company Limited, Concessionaires were allowed longer concession period which enabled them to earn higher than reasonable return of 16 per cent, determined by PIDB. A concessionaire was given undue benefit of ₹28.26 crore, by not reducing the concession period for failure to develop infrastructure facilities and passengers' amenities as per the concession agreements.

Himachal Pradesh (Report No. 3 of 2016)

- Audit of the system of Procurement and distribution of Agriculture inputs revealed that during 2010-15, the test-checked districts had not carried out reconciliation of receipts of ₹264.29 crore with treasury. Sale proceeds of inputs of ₹3.68 crore realised from the farmers were not deposited in Government account. 33,011.10 quintals of seeds costing ₹9.39 crore were distributed to the farmers after the sowing seasons. The testing laboratories had 35 *per cent* shortfall in analysis of samples.
- National Rural Health Mission (NRHM) Plans were prepared without considering the needs of the districts, blocks and villages. Identification of

the healthcare needs was inadequate as the household survey was not conducted. Only 31 *per cent* doctors and 49 *per cen*t health workers of the required numbers were in position as of March 2015.

- Under the National Programme of Nutritional Support to Primary Education (Mid-Day Meal Scheme) funds were released with delays of 20 to 175 days. The construction of 507 kitchen sheds-cum-stores sanctioned during 2007-12 was incomplete as of March 2015. Construction of 430 kitchen sheds had not been started as of April 2015.
- Under Renewable Energy Programmes, achievement against the target of 2,473 MW hydro power was only 476 MW upto March 2015. Upfront premium for capacity addition of ₹7.80 crore from four independent power producers and local area development fund of ₹7.12 crore for environment management plan, etc., from six small hydro power projects had not been recovered. Against estimated solar power potential of 33,000 MW, only 3.29 MW had been installed as of March 2015.

Haryana (Report No. 1 of 2016)

- Purchase of Duty and Entitlement Pass Book (DEPB)/Import License worth ₹95.81 crore, which are to be used for resale, was incorrectly allowed to be adjusted against Custom Duty payable, resulting in incorrect grant of ITC of ₹4.84 crore to a dealer.
- Action to levy interest was not initiated even after a lapse of 12 months resulting in non-levy of interest of ₹3.49 crore by the DETC (ST) Panchkula, in one case.
- The AAs did not levy additional tax of ₹1.69 crore, in 42 cases.
- Incorrect classification of steam/embroidered fabrics and spare parts and levying tax at lower rate resulted in non/short levy of tax and surcharge of ₹1.98 crore, in seven cases.
- Eighty nine deeds were assessed at lower value resulting in short levy of SD of ₹14.53 crore.
- The registering authorities assessed 127 sale deeds of plots falling under the jurisdiction of municipality on the rates fixed for agricultural land which resulted in short levy of stamp duty of ₹2.46 crore.
- Sixty five deeds were assessed as agricultural land instead of prime land, which resulted in short levy of stamp duty ₹1.23 crore.

Bihar (Report No. 2, 3 & 4 of 2015)

- **Implementation of National Rural Health Mission (NRHM) in Bihar:** Due to inadequate antenatal care and shortage of gynecologists in health care units nearly half of the pregnant women opted for home delivery. Maternal

Mortality Rate was 208 against the target of 100 per 1,00,000 pregnant women.

- **Building Construction Department** prepared annual plan of works without assessing actual fund requirements leading to surplus funds in some works and insufficient in some. Delay in technical sanction led to cost overrun of ₹158.12 crore in 11 works.
- **Accelerated Irrigation Benefits Programme (AIBP):** Despite an expenditure of ₹2,849.15 crore, four out of five test checked projects were incomplete.
- There was under-assessment of tax of ₹451.83 crore including leviable interest and penalty in case of 63 dealers in 15 circles.
- In Bhagalpur commercial taxes circle, concealment of sale of energy by a dealer resulted in non-levy of electricity duty amounting to ₹121.75 crore including minimum leviable penalty of ₹60.87 crore.
- District Land Acquisition officer did not ensure realisation of the establishment charges of ₹97.15 crore for lands acquired on behalf of requisitioning body/departments.
- Bihar State Food and Civil Supplies Corporation Limited suffered loss of ₹ 20.09 crore on account of shortages and disposal of damaged wheat due to improper storage and delayed transportation of the procured wheat.

Chhattisgarh (Report No. 1 & 2 of 2016)

- Performance Audit on “Paddy procurement and custom milling of rice for public distribution system” revealed that Chhattisgarh State Marketing Federation (MARKFED) made an excess interest payment of ₹844.68 crore to banks since Cash Credit could not be cleared by the specified date; Government of Chhattisgarh (GoCG) incurred loss of ₹591 crore due to payment of milling charges beyond the norms fixed by the Government of India; Paddy worth ₹278.36 crore was damaged due to lack of covered storage facility for procured paddy and delay in milling; Driage/shortage of paddy in the storage centers beyond permissible limit resulted in loss of ₹96.80 crore; Thirty three rice millers did not deposit rice worth ₹74.53 crore even after expiry of milling schedules.
- The Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited made avoidable payment of penal interest of ₹8.38 crore.
- The Chhattisgarh State Beverages Corporation Limited suffered loss of ₹53.65 crore due to payment of VAT on sale of Indian Made Foreign Liquor from its margin instead of recovering the same from the retailers.

Madhya Pradesh (Report No. 2 & 3 of 2016)

- **System of assessment under VAT:** VAT of ₹82.08 crore including penalty of ₹41.84 crore was not levied in 160 cases; VAT amounting to ₹38.57 crore including penalty of ₹26.80 crore was either not levied or short levied in 51 cases due to incorrect rates; incorrect calculation of turnover resulted in short levy of VAT of ₹32.22 crore in 27 cases.
- **Land Revenue Receipts in Madhya Pradesh**: Land was allotted at lower prices to private institutions, which resulted in short realisation of revenue of ₹29.80 crore; Land revenue leviable on 252 major minerals leases was not assessed, due to which land revenue amounting to ₹31.15 crore could not be recovered; in 12 Collectorates, the Sub-Divisional Officers did not levy panchayat upkar of ₹14.33 crore in 1,063 cases; Stamp Duty, Registration fees and penalty thereon amounting to ₹4.84 crore was not recovered in three Collectorates as Sub-Divisional Officers (Revenue) did not impound the cases of unduly stamped instruments.
- The Executive Engineer, PWD (B&R) division, Dindori paid excess price escalation of ₹3.63 crore. In Mahan Canal division, Sidhi, extra cost of ₹2.48 crore was incurred due to incorrect provision and execution of cohesive non-swelling soil. Extra cost of ₹2.05 crore was also incurred due to superfluous laying of concrete sleepers.

Jharkhand (Report No. 3 of 2015)

- **Working of Transport Department with emphasis on compliance with pollution standards**: The disposal of certificate cases was very poor as the Department could dispose of only 669 out of 23,561 cases during 2009-10 to 2013-14. One-time tax of ₹2.92 crore was not levied in case of 1,172 personalised vehicles. Tax and penalty of ₹26.51 crore was neither paid by the owners nor demanded by the Department for the period June 2009 to June 2015. The collecting banks did not credit interest of ₹7.29 crore for delayed transfer of collected revenue into Government account. The Department had no policy for phasing out of old vehicles. Pollution testing centers were authorised for only 11 only out of the 24 districts. Pollution Under Control (PUC) certificates were issued to only 4.09 lakh vehicles against 8.84 lakh newly registered vehicles. Pollution checking equipment like smoke meter, gas analyser etc. were not provided to transport officials. Service tax amounting to ₹3.07 crore was not deposited under the head “0044-Service Tax”.
- In three Commercial Taxes Circles, penalty of ₹7.35 crore was not levied for non/short payment of Electricity duty and surcharge during 2005-06 to 2012-13.

- In three Commercial Taxes Circles, application of incorrect rate of electricity duty and non-levy of surcharge resulted in non/short levy of electricity duty and surcharge of ₹3.83 crore.

Uttar Pradesh (Report No. 1 of 2016)

- **Mid-Day Meal Scheme**: Twenty one per cent of the schools still did not have kitchen-cum-stores and 42 per cent did not have LPG connections for cooking of mid-day meals despite availability of funds. Financial management and expenditure control was deficient as unspent balances increased significantly from ₹336.58 crore in 2010-11 to ₹598.96 crore in 2014-15. State Government failed to lift total available food grain which resulted in disruption in supply of mid-day meals. Excess payments of ₹15.93 crore were made to transportation agencies. Empty gunny bags valuing ₹56.47 crore remained unaccounted for. Health check-ups were not conducted and health registers/cards of children were not maintained in 32 per cent and 62 per cent of test-checked schools respectively. Weighing machines were not available in 43 per cent and Body Mass Index was not recorded in 64 per cent test-checked schools.
- Reimbursement of fee of ₹10.24 crore was claimed under Post-Matric Fee-reimbursement scheme by different students in 20,198 cases by using same income/caste/high school certificates. 1,792 students claimed reimbursement of fee of ₹4.80 crore by submitting false declaration and submitting claims simultaneously for two courses.
- The Department failed to collect ₹9.38 crore on account of Service Tax from Organisations/Institutions where Home Guard Volunteers were engaged. The Government had to bear an expenditure of ₹5.08 crore on deployment of Home Guard volunteers in security of Very Important Persons and at the Offices/Kendras of political parties in violation of Government orders.
- Widening of Saifai-Saifai Hawai Patti road from two lanes to four lanes, in contravention of Indian Road Congress specification, led to unjustified expenditure of ₹15.01 crore.
- Acceptance of Fixed Deposit Receipts and Bank Guarantees from a non-Scheduled/Nationalised bank and failure to revalidate them timely, resulted in non-recovery of ₹12.48 crore on termination of the contract.
- An expenditure of ₹9.69 crore was rendered unfruitful as the objective of providing advance medical treatment to cancer patients and training and research facility to the medical students of the King George's Medical University, Lucknow could not be achieved due to delay in installation of Linear Accelerator Machine even after lapse of five years since the procurement of the equipment.

Uttar Pradesh (Report No. 5 of 2015)

- **Working of Harduaganj Thermal Power Station of Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited**: The short fall in generation was 2128 Mega Units (MU). Renovation & Modernisation of the unit 7 awarded in March 2009 was not completed. There were delays in commissioning of Units (8 and 9) resulting in time overrun of 27 to 43 months and cost overrun of ₹1268.36 crore. The oil and coal consumption in unit 5, 8 and 9 in excess of the norms fixed by UPERC during 2010-11 to 2014-15, resulted in excess expenditure of ₹615.44 crore.
- **Construction of bridges by Uttar Pradesh State Bridge Corporation Limited**: Out of 740 bridges, 231 bridges were under construction at the end of March 2015. In 53 bridges, there was cost overrun of ₹438.09 crore. 43 to 64 per cent of total number of units of the Company were not financially viable due to inadequate turnover. Non-adherence to the norms for ownership and operational and shuttering charges resulted in excess expenditure of ₹148.12 crore during 2009-10 to 2014-15. Non-adherence to the ceiling cost prescribed for power, oil and lubricant (POL) resulted in excess expenditure of ₹129.63 crore in 70 bridges. 37 completed bridges were handed over to UPPWD after delay of one to 71 months. 30 bridges could not be handed over and put to use as of March 2015.

Odisha (Report No. 4 of 2015)

- **Functioning of three Government Medical Colleges of the State and their attached hospitals**: Teaching as well as patient care was affected in Government Medical College and Hospitals (GMCHs) due to shortage of required teaching, non-teaching and paramedical staff. Availability of beds in Intensive Care Units (ICUs) remained as low as 69 (two per cent of total bed strengths) with no ICU in Casualty Departments. Trauma Care Centres in two GMCHs remained non-functional. Equipment required for measurement of drug concentration, detection of breast cancer etc. purchased at a cost of ₹3.84 crore remained unutilised. Supply of medicines to the inpatients was inadequate. 11 types of 'Not of Standard Quality' medicines were administered to patients in three attached hospitals. ₹7.45 crore meant for up-gradation of School of Nursing and strengthening and up-gradation of Government Medical Colleges could not be utilised by May 2014. Evaluation of performance of three Government medical colleges and their attached hospitals was not conducted during 2009-14.
- **Availability of adequate and safe drinking water in urban areas**: Safe drinking water in adequate quantity was not supplied to all urban population in 95 out of 106 urban areas. Water quality monitoring and surveillance was weak. Unsafe water was supplied in many urban areas.

Tendering and contract management as well as execution of water supply works were marred by inordinate delay in completion of projects, avoidable extra cost (₹10.98 crore) and unfruitful expenditure of ₹38.55 crore on incomplete works. Central assistance of ₹128.23 crore could not be availed due to delay in tendering, execution and utilisation of funds.

Telangana (Report No. 4 of 2016)

- **Implementation of Basic Literacy Programme under Saakshar Bharat Mission:** Action Plans at State level were prepared without the support of Gram Panchayat (GP) level micro plans. The survey data uploaded by the implementing agencies on the national website reflected a large number of inconsistencies. The female dropout rate was above 50 per cent in seven out of 18 test checked GPs. Prioritisation was not made in the State Action Plan (2015-17), in respect of the districts where the number of non-literates was high. Utilisation Certificates (UC) for ₹136.60 crore were yet to be received.
- Commencement of work without ensuring availability of requisite funds led to the project 'Development of Nizam's Institute of Medical Sciences (NIMS) University Campus' at Rangapur Village in Bibinagar Mandal (Nalgonda district) being stopped midway rendering the expenditure of ₹80.39 crore futile.
- Deficient planning of Nizam's Institute of Medical Sciences, Hyderabad (NIMS) resulted in the buildings constructed at a cost of ₹125.91 crore remaining unutilised.
- Non-observance of norms under Aarogyasri Scheme by Nizam's Institute of Medical Sciences, Hyderabad (NIMS) led to non-reimbursement of ₹11.72 crore by Aarogyasri Trust, resulting in the same being borne by NIMS.

Andhra Pradesh (Report No. 2 of 2016)

- In three offices of Prohibition and Excise Superintendents, annual licence fee for Bar licences was short levied by ₹1.40 crore.
- In two offices of Assistant Directors of Mines and Geology stamp duty was short realised on three lease deeds. These compulsorily registerable leases were not registered resulting in short realisation of stamp duty and registration fees amounting to ₹1.33 crore.
- Quarterly tax of ₹1.49 crore and penalty of ₹2.97 crore were not realised from owners of 1,513 transport vehicles by four Deputy Transport Commissioners and four Regional Transport Officers.
- Non-renewal of Fitness Certificate (FC) of 31,604 transport vehicles resulted in non-realisation of fee of ₹1.17 crore.

- Lack of co-ordination between Revenue Divisional Officers and Division Level Panchayat Officers/Gram Panchayats led to non-levy of conversion tax and penalty of ₹21.27 crore.
- Non-finalisation of alienation proposals on land led to non-realisation of land cost amounting to ₹ 13.95 crore. Conversion tax of ₹1.25 crore also remained unrealised.
- In the office of Assistant Director of Mines and Geology, Banaganapally, adoption of incorrect quantity of limestone despatches and the rates of royalty resulted in short levy of royalty and cess by ₹18.13 crore.

West Bengal – Panchayati Raj Institutions Report 2016

Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)

- 1569 Gram Panchayats (GPs) could not provide 100 days of employment to any households. 1,044 GPs failed to create durable assets even after spending ₹520.69 crore during 2012-13.
- In 85 GPs 13,412 job applicants were neither provided employment nor paid unemployment allowance during 2012-13. Delay in disbursement of wages was also noticed in 375 GPs.
- Social audit forums were not formed in 60 GPs, social audit was not conducted in 60 GPs and objections raised during social audit were not settled in 102 GPs during 2012-13.
- In 18 GPs, expenditure of ₹7.45 crore was incurred for excavation / re-excavation of private ponds without any agreement with the owners of the ponds.

Indira Awaas Yojana (IAY)

- Assistance amounting to ₹24.63 lakh was extended to 72 ineligible beneficiaries of Cooch Behar, Malda and Birbhum districts.
- Twenty three GPs allotted IAY assistance of ₹32.72 lakh to 253 male members despite female members being available in the family in violation of guidelines.
- There was curtailment of IAY assistance of ₹177.97 crore during 2008-13 due to non-utilisation of funds and short release of state share.
- Monitoring and supervision were found inadequate.

Audit of Transactions

- Six Zilla Parishads (ZPs) did not adhere to the provision of Panchayat Rules while executing deposit works and suffered loss of ₹1.75 crore due to non-realisation of establishment charges from the line departments.
- Bankura and Birbhum ZPs granted unauthorised remission of revenue of ₹32.60 lakh which led to loss of ZPs' own fund.

- Malda ZP did not adopt the revised rate of reinforcement before execution of bridges and Cooch Behar ZP allowed higher rate for bitumen and emulsion for execution of road works. Consequently the ZPs made excess expenditure of ₹42.19 lakh and extended undue benefit to contractors.

Karnataka (Report No. 1 & 2 of 2016)

- Deficiencies in implementation of the scheme on 'Inclusive Education of the Disabled at the Secondary Stage' resulted in loss of central grants of ₹18.93 crore for the year 2009-11, and excess payment of ₹1.79 crore.
- Purchase of commercial off-the-shelf software 'Campus Resource Management' without understanding business needs, resulted in non-utilisation of software and rendered ₹2.68 crore invested on the software unproductive.
- The Bengaluru Development Authority 's (BDA) funds were diverted to Mutual funds and transferred to other organisations through unauthorized bank accounts, fake Term deposits, suppression of facts, falsification of records, preparation of misleading financial statements and destruction of trail of all transactions resulting in financial loss of ₹205.85 crore to BDA. The unauthorized transfer of funds aggregating ₹6.17 crore to Bengaluru Metro Rail Corporation Ltd, Coffee Board and Karnataka Backward Classes Department Building Construction Society represented cases of misrepresentation of BDA's funds.
- Due to ambiguity in various clauses on price adjustment in the bid document of a project floated by the Karnataka Urban Water Supply and Drainage Board (Board), the Board could not operate the contract properly which led to extending undue benefit of ₹6.17 crore to the agency.
- **Promotion and Development of Tourism in Karnataka**: Actionable plans to achieve the objectives were not prepared. The tourist destinations and tourism products which would contribute to the tourist growth were not identified. Foreign tourist arrivals to Karnataka grew by six per cent only in ten years (2004-14) though foreign tourist arrivals to India had doubled during the same period. Projects assisted by Government of India were not completed within the stipulated period which resulted in loss of central assistance of ₹17.95 crore. Seventy seven Yatrinivas/dormitories constructed for the benefit of tourists at a cost of ₹51.63 crore were not put to use.
- Construction of residential quarters in a civic amenity site along with deficient contract management resulted in abandonment of project midway and wasteful expenditure of ₹7.71 crore.

- Non-commissioning of automatic traffic counter cum weighing machines even after eight years of commencement of project resulted in unfruitful expenditure of ₹4.60 crore.
- Land compensation of ₹79.29 crore was paid to non-eligible persons in Immav village of Nanjangud taluk.

Kerala (Report No. 1 of 2016)

- **Implementation of educational development schemes for Scheduled Caste students:** Only five out of the 27 nursery schools in test checked districts recorded the minimum required strength of 25. In the remaining schools, the average strength ranged between nine and 23. Hostel Wardens were not staying in 10 test checked Pre-matric hostels during night. The Pre-matric girls hostels at Shoranur and Mundur were being used for conduct of meetings, etc., with outsiders as participants which impinged on the safety of girl children. ITIs continued to offer outdated courses with negligible potential to attract offers of employment. Posts for running of Paramedical Institute were not created.
- **Rural Water Supply Schemes implemented by Kerala Rural Water Supply and Sanitation Agency:** Only 65 *per cent* households benefited from the schemes against the target of 2,50,000 households. Thirty out of 88 small WSS (34 *per cent*) costing ₹2.48 crore became defunct. ₹1.78 crore received in March 2014 for installation of Iron Removal Plant (IRP) in 10 schemes and Terrafil filters in 11 schemes remained unspent. Against ₹22.76 crore to be utilised for artificial ground water recharge and sustainability, expenditure was only ₹5.89 crore. Sources had dried up in 85 schemes of Jalanidhi Phase-I.
- During 2010-14, three universities in the State made inadmissible payment of ₹5.28 crore to teachers towards valuation charges of answer scripts.
- Due to laxity in implementation, 11,214 BPL women could not benefit despite availability of ₹2.80 crore for a poverty alleviation scheme.

Arunachal Pradesh (Report No. 1 of 2015).

- **Total Sanitation Campaign (TSC)/Nirmal Bharat Abhiyan (NBA)**: Project Implementation Plan, revised in 2012-13, was yet to be approved by the National Scheme Sanctioning Committee. Inconsistencies in the number of BPL/APL households were noticed, which needed rectification. Failure to achieve target in time imposed extra financial burden of ₹293.13 lakh. In three sample districts, sanitary material valued at ₹183.76 lakh was lying unused/idle for prolonged periods. None of the Anganwadi toilets constructed during period were infant friendly. Solid and Liquid Waste

Management in the State was still at a nascent stage and no concrete work had been done in this sphere.

- Executive Engineer, Public Works Department, Mechukha Division admitted the doubtful payment of ₹22.36 lakh. Excess expenditure of ₹48.61 lakh was incurred on head load charges by allowing higher rate.
- Executive Engineer, PWD, Bomdila Division got executed without competitive bidding at inflated estimated rates, resulting in undue benefit of ₹178.94 lakh to contractors.
- Anti- erosion work executed at cost of ₹749.56 lakh may not last long and the risk of flooding of the low lying area persist.
- ST, Tezu failed to assess tax of ₹48.37 lakh in respect of two unregistered dealers.
- Non-deduction of tax at source and carrying on business without registration by a dealer led to loss of revenue of ₹3.23 crore.
- Investment of ₹43.88 crore by the Department of Hydro Power Development on two mini hydro projects proved infructuous due to inadequate and improper feasibility study of project sites.

Meghalaya (Report No. 2 of 2016)

- **Water Supply Schemes**: Out of 28 Water Supply Schemes (WSS) selected for performance audit, not even a single scheme had been completed in time. Financial irregularities such as undue financial favour to suppliers were also noticed. There were cases of wasteful expenditure, unauthorised payment and wrong reporting. Only 50 per cent of the required sub-divisional laboratories were set up in the State. Evaluation studies on the performance of the schemes or to assess the performance of the Department were never taken up. There was virtual absence of any water quality and surveillance mechanism to ensure supply of safe drinking water.
- Procurement of medicines by the Joint Mission Director, National Rural Health Mission, Meghalaya at higher than the approved rates resulted in extra expenditure of ₹1.94 crore and undue benefit of ₹0.49 crore to an unapproved firm.
- The State was deprived of Additional Central Assistance of ₹17.41 crore due to failure to implement the reforms as per timelines under Jawaharlal Nehru National Urban Renewal Mission. Delay in completion of Greater Shillong Water Supply Project (Phase-III) led to unfruitful expenditure of ₹131.84 crore.

- Delay in completion of the Solid Waste Management Projects by Meghalaya Urban Development Authority (MUDA) at Tura and Nongpoh resulted in unfruitful expenditure of ₹10.24 crore.
- The Meghalaya Energy Corporation Limited irregularly transferred the contract load from the consumer to its sister concern without insisting for settlement of earlier dues of the consumer leading to accumulation of unpaid dues of ₹13.40 crore.
- There was unauthorised retention of statutory dues of ₹7.76 crore by the Meghalaya Tourism Development Corporation Limited.

Mizoram (Report No. 2 of 2015)

- **Disaster Management and Rehabilitation:** The State Disaster Management Plan was published after a delay of more than six years. A major portion of the central and state shares of CRF and SDRF was retained in the deposit account of the State Government during 2009-14, which resulted in potential loss of interest of ₹1.84 crore. Without surrendering the unspent fund to the Government of India, the Department diverted ₹45 lakh towards creation of assets which was not permitted under NCCF. The Department incurred a doubtful expenditure of ₹45.33 lakh for purchase of 6,322 nos. of silpaulins without maintaining the basic records. During March 2010 to March 2014, 54 victims were disbursed relief assistance of ₹12.68 lakh against actual entitled financial assistance of ₹24.76 lakh resulting in shortfall ₹12.68 lakh.
- **Management of Power through generation and procurement by Power and Electricity Department (P&ED)**: The Department paid Unscheduled Interchange charges amounting to ₹7,446.81 lakh due to over-drawal of 237.68 MU of energy during 2008-09 to 2013-14. The Department failed to tie up for purchase of minimum prescribed solar energy which led to obligation to buy Solar Renewable Energy Certificates of ₹3.62 crore. Disproportionate increase in the expenditure resulted in 159 *per cent* increase in the deficits of the Department during 2008-09 to 2013-14. During 2008-09 to 2013-14, the Department paid ₹18.19 crore as surcharge to the Generating Stations and Central Transmission Unit due to delayed payment of bills. The Department could not avail rebate of ₹6.92 crore in payment of power purchase bills during 2009-14 due to non-replenishment of LC account within the time specified in the PPAs.

Manipur (Report No. 1 of 2015)

- Creation of infrastructure for schools suffered due to short release of funds. Science Laboratories, Libraries and Art and craft centres could not be made functional as Laboratory Assistants', Librarians and Art and Craft instructors had not been appointed.

- Family Welfare Department incurred expenditure of ₹97.93 lakh in violation of the delegated financial powers. Relief and Disaster Management Department withdrew ₹65.93 lakh allocated under National School Safety Programme but the amount was not reflected in the Cash Book.
- Rural Development and Panchayati Raj Department diverted MGNREGS fund of ₹79.00 lakh for construction works which were not permissible as per scheme guidelines. Due to preparation of estimates of works at higher rates there was excess expenditure of ₹2.83 crore.
- **Total Sanitation Campaign**: The process of planning was devoid of comprehensive assessment of the needs/requirement of rural beneficiaries. There was no community participation in the preparation of Project Implementation Plans (PIPs). During the year 2009-2013, the Department could utilise only 71 *per cent* of the available funds of ₹76.38 crore. The State Government deducted VAT, Departmental Charges and Labour Cess from its matching share, which resulted in short release of funds. The Department incurred avoidable and inadmissible expenditure of ₹30.60 lakh on procurement of plastic squatting plates and ₹36.73 lakh on construction of Individual Household Latrine (IHHLs) by NGOs. During 2009-10 to 2013-14, against target of 3,49,763 IHHLs to be constructed, only 1,91,340 IHHLs were constructed (54.71 *per cent*).
- Forest Department paid interest free machinery advance to a contractor which exceeded the contract provision by ₹17.66 crore.There was no security for the outstanding advance of ₹1.23 crore.
- In Public Health Engineering Department (PHED), the supplier had not delivered DI pipes worth ₹1.53 crore even after three years of receiving full payment. Water charges to the extent of ₹7.10 crore for the period 2011-12 to 2013-14 were outstanding due to PHED's failure to collect the same. Misappropriation of Galvanized Iron (GI) pipes worth ₹53.08 lakh is suspected as these were not received even after 63 months of making payments.

Tripura (Report No. 1 of 2016)

- **Effectiveness in the functioning of Tripura State Pollution Control Board (TSPCB)**: TSPCB did not conduct any survey to identify the polluting industries and had not drawn up a comprehensive plan for preventing and controlling water and air pollution. TSPCB's laboratory at Agartala was functioning without accreditation and without required testing facilities. The laboratories at zonal offices could not be made operational due to lack of infrastructural facilities. Large number of industrial units were operating in the State without renewal of consent. There was substantial shortfall in conducting inspections of even highly polluting 'Red' category industries. TSPCB could not establish the ambient air quality monitoring stations with requisite testing facilities for analysing all the essential parameters prescribed under NAMP. No action plan as required under Water Act was prepared by TSPCB for restoring the water quality of the rivers and water bodies. The municipal bodies did not comply with the provision of Municipal Solid Waste (Management and Handling) Rules, 2000 and TSPCB did not take any action under EP Act. Out of identified 1258 Health Care Establishments (HCEs), 694 HCEs did not obtain authorisation from TSPCB. There were deficient bio-medical waste treatment and disposal facilities. Financial management of TSPCB was deficient as it could utilise only 4.72 per cent to 14.13 per cent of yearly available funds on pollution control measures. Inadequate manpower adversely affected the functioning of TSPCB.

- Adoption of incorrect parameters in computation of design life resulting in execution of richer specifications of Bituminous Macadam (BM) caused avoidable expenditure of ₹6.59 crore on construction of road from Maharani to Amarpur.
- Commencement of work without adequate study of soil strata and plugging the pier wells at lesser than desired levels led to extra expenditure of ₹1.44 crore and time overrun, and compromised the soundness and stability of the bridge.
- Negligence in filing of Annual Income Tax Return and shortfall in remittance of Advance Income Tax by Tripura State Electricity Corporation Limited resulted in avoidable interest expenditure of ₹4.52 crore.

Sikkim (Report No. 1 of 2016)

- Human Resource Development Department (HRDD) procured laptops at an expenditure of ₹47.43 crore, for free distribution to students, with funds borrowed by the Sikkim State Cooperative Supply and Marketing Federation Limited (SIMFED) on behalf of HRDD without adequate budgetary provisions. Consequently the Government suffered a loss of ₹1.22 crore towards payment of interest on loan.
- Imprudent decision of Energy and Power Department for re-tendering of work led to extra expenditure of ₹2.27 crore on execution.
- Failure of Energy and Power Department to communicate the Government approved terms for release of Mobilisation Advance (MA) to the contractor led to non-recovery of interest of ₹2.79 crore on MA.

- The unwarranted inclusion of item of work in construction of road works by Roads and Bridges Department led to avoidable expenditure of ₹2.32 crore in 16 works.
- Non-adherence to the provision of SPW Manual in tendering process, absence of competitive bidding and award of work at abnormally higher rate resulted in extra expenditure and undue financial benefit to the contractor of ₹2.27 crore and further committed extra benefit of ₹5.21 crore on residual work.
- Inadequate scrutiny, in Commercial Taxes Division, of the returns of hoteliers led to loss of revenue of ₹2.59 crore.
- Excise (Abkari) Department failed to realise committed payment of ₹5.79 crore from the person entrusted with management, control and governance of Sikkim Distilleries Limited (SDL). The State exchequer suffered a loss of ₹1.20 crore on interest from the investment that was not realised.
- Error in language in the notification by Excise (Abkari) Department for imposing bottling fee resulted in a revenue loss of ₹4.32 crore during the years 2011-12 to 2013-14.
- Without issue of original license by Directorate of Sikkim State Lotteries which should have been obtained against payment of Rupees five crore for five years, renewal of the same @ ₹50 lakh per annum for five years resulted in revenue loss of ₹2.5 crore.

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

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

IV A Union Audit

Commercial - General Purpose Financial Report of Central Public Sector Enterprises (CPSEs) (No. 2 of 2015)

- The System of Three Phase Audit of accounts of CPSEs on consensus basis in order to enhance the quality of financial reporting, has led to a significant improvement in the quality of their financial statements. The net impact of Three Phase Audit on profitability was ₹20,225 crore and on assets/liabilities was ₹ 38,497crore.
- As a result of supplementary audit by the CAG, the statutory auditors of two listed government companies and six unlisted companies revised their reports.
- In the case of statutory corporations where CAG is the sole auditor, rectification of errors amounting to ₹480 crore was carried out at the instance of CAG's audit.

Commercial - General Purpose Financial Report of Central Public Sector Enterprises (CPSEs) No. 9 of 2016

- The impact of the system of Three Phase Audit of accounts of CPSEs on profitability was ₹ 8387.82 crore and on assets/liabilities was ₹ 16,394.97 crore.
- In the case of two statutory corporations where CAG is the sole auditor, rectification of errors amounting to ₹ 405.34 crore was carried out at the instance of CAG's audit.

Central Excise & Service Tax: AR No. 9 of 2013 (Import of Services)

- Two new sections (Section 15A & 15B) added to Central Excise Act, 1944 in compliance with recommendation to call for information from specified authorities and prescribed returns for obtaining such information.

Central Excise & Service Tax: AR No. 29 2014 (Prosecution and Penalties)

- Circular dated 29 Feb 2016 issued asking to review prosecution cases and withdraw cases having money value less than ₹ 5.00 lakh.

Defence Services - Performance Audit of Defence Estates Management (Report No. 35 of 2010-11)

- Instructions have been issued to prevent unauthorised use of clubs and parks and misuse/abuse of defence lands in violation of Government policy.

Defence Services - Follow up audit on Supply Chain Management of ration in Army (Report no. 6 of 2010-11)

- Provisioning of dry ration is now being calculated on 4/5th of the posted strength as against the earlier 3/4th. The sanction of the Govt. has been granted to carry out provision at the increased scale of 4/5th of the provisioning during 2016-17.

Report No. 25 of 2013 (Railways) - NF Railway- Para No. 3.6 - Loss due to unauthorized occupation of Railway land by the District Administration

- Ministry of Railways (Railway Board) agreed to the audit observations partially and accordingly advised to all Zonal Railways to strictly adhere to the instructions of Railway Board to protect railway land from encroachment.

IV B State Audit

Chhattisgarh: Audit Report (Revenue Sector) for the year ended 31 March 2015 - Para 8.16

- The Transport department has decided to stop payment of tax/fees by e-challan and switch over to an entirely online fully integrated payment option.

Andhra Pradesh: Audit Report on General and Social Sector for the year ended March 2012 (Report No. 4 of 2013)

- Government had introduced measures such as Aadhar linkage for identification and authentication of eligible students for disbursement of scholarships besides mandating the submission of income and caste certificates from revenue Department for payment of Scholarship.
- Government had issued instructions to all District Welfare Officers to refund the amounts lying with the Nodal Banks to the relevant Government account. All District Welfare Officers were instructed to enter the details of the Challan and remittance particulars in the provision made in ePASS.
- Validation controls such as validation of student details with SSC/CET data were introduced by Government.
- Government brought the scholarships being paid to Minority students through Online Scholarship Management System into the ambit of ePASS as recommended by Audit.

Andhra Pradesh: Audit Report on General and Social Sector for the year ended March 2015 (Report No. 4 of 2016)

- Government assured to integrate the Sadasivapet Water Supply Scheme with the Flagship programme '*Intintiki Nalla*[4]' envisaged for supplying drinking water to entire State.

Odisha (ERSA): Audit Reports - Paragraph No. 5.7.1 of 2013-14, 3.4.1 of 2012-13, 3.4.1 of 2011-12, 3.5.1 of 2010-11, 3.4.1 of 2009-10, 3.5.1 of 2008-09 and 3.4 of 2007-08

- Process fee was abolished in the Odisha Motor Vehicle Rules, 1993 as a result of audit recommendations.

Odisha (ERSA): Audit Report of 2012-13 - Paragraph No. 3.5.8 of 2013-14, 5.3.12

- Provision for mandatory realisation of licence fee from sugar industries producing, storing and trading molasses was introduced in the Annual Excise Policy, 2015-16.

West Bengal (ERSA) - Para no. 6.4.11 of AR 2014-15

- Clause 4 of Part VI under Rule 24(1) of the Minor Mineral Rules, 2002 provides that the lessee shall be liable to pay interest at the rate prescribed by the Government on any amount remaining payable. However, the State Government has not prescribed any rate of interest for delayed payment of mining dues of minor minerals.
- The Land and Land Reforms Department, Government of West Bengal instructed to levy interest @ 6.25% for delayed payment of mining dues of

[4] water connection to every house

minor minerals in terms of Rule 303 of the Land and Land Reforms Manual, 1991.

Rajasthan (ERSA): Audit Report of 2005-06

- Rule 12 for fixation of norms for production of beer, ENA and rectified spirit was amended as a result of audit observation.

Rajasthan (ERSA): Audit Report of 2010-11

- Rule 33 (c) and Rule 34(3)(4) of Rajasthan Excise Rules, 1956 was amended as a result of audit observation.

Rajasthan (ERSA): Audit Report of 2014-15

- Amendment in schedule II of Rajasthan Value Added Tax Act, 2003 by addition of new Serial no. 72: Dealers selling food items cooked by him in heritage hotels categorized as "basic" by Govt. of India, was amended as a result of audit observation.

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 2016:

	ATNs awaited at the end of 31 March 2016	ATNs settled during the year 2015-16
Union level	**544**	**975**
State Level	**10,273**	**1,589**
Total	**10,817**	**2,564**

Chapter 4

Key Results and Achievements – Accounts and Entitlements

Article 149 of the Constitution and Sections 10, 11 and 12 of the CAG's DPC Act, 1971 prescribe the duties and powers of the Comptroller and Auditor General of India in relation to the accounts of the Union and States. The C&AG is responsible for compilation and preparation of accounts of State Governments (other than Goa), maintenance of GPF accounts in nineteen States, and authorization of pension payments of State Government employees in eighteen States. The C&AG is also responsible for Gazetted Entitlement functions in nine States. The key focus areas of the Government Accounts Wing of the C&AG and the achievements during the year 2015-16 are discussed below.

I Innovations and Initiatives

AG (A&E) Andhra Pradesh and Telangana

1. GPF: Implemented e-authorisation of payment from August 2015 onwards to avoid transmission delay. Facility to download intimations from local Mee-seva agency has been extended to subscribers. To ensure greater security, the DDO copy of the authorisation is digitally signed.

2 Accounts: Andhra Pradesh State was bifurcated into Andhra Pradesh and Telangana State with effect from 2nd June 2014. Due to this, consequential issues like apportionment of Assets & Liabilities, apportionment of balances under Debt Deposit & Remittance Heads; preparation of separate Monthly and Annual Accounts for both the states; reorganization of functional wings etc. have emerged as significant areas, which were addressed by the office. Write off orders were also obtained in respect of certain inoperative heads which was necessary to clean up the Accounts. Further, the AG office initiated a joint physical verification with treasuries to minimize missing vouchers.

AG (A&E) Bihar

Accrual Accounting: A team has been constituted for a pilot study on Accrual based Accounting System in association with the State Government's Urban Development Department. AG office is closely monitoring the pilot study.

AG (A&E) Gujarat

Introduction of the GEMS Application: The **GEMS (GPF Entitlement Management System)** Application developed in-house in Oracle 11g is a work flow based software designed to computerize the GPF Entitlement function by automating the process of Authorization of Final GPF Payment of the retiring employees of Gujarat State Government. The GEMS is a significant leap forward towards developing an efficacious work flow based automated GPF entitlement function with the objective of improved service delivery and greater stake holder satisfaction.

AG (A&E) Haryana

1. The office was integrated with Haryana State IFMS for processing of bills for payment.

2. **Digitalization of Pension records:** A separate cell has been created to identify the documents for scanning. Creation of interface between State's IFMS and the Pension application of the office was taken up with State Government.

AG (A&E) Kerala

Electronic transfer of pay slips: Due to integration of GEMS with SPARK systems of the State Government, pay slips of Gazetted Officers are being forwarded electronically to SPARK with effect from 1st Dec 2015 and the leave balance with effect from 12th February 2016.

The proposal for forwarding of Government orders/departmental proceedings regarding leave, promotion, transfer etc. of Gazetted Officers from SPARK to GEMS electronically is under active consideration of State Government and is expected to be implemented during 2016-17. Preliminary work has also been started for equipping GEMS for processing of cases with reference to Pay Revision 2016 in respect of All India Service Officers.

AG (A&E) Maharashtra-I

1. **Migration to Accrual Accounting:** A pilot study on the migration to accrual accounting is being conducted.

2. **Pension revision cases:** A major change in the control mechanism of pension revision cases was brought about to identify the revision cases in order to avoid delay in finalizing the Revision cases.

3. **Accounts:** To bring about qualitative improvement in the functioning of the Treasury Inspection Party, they were directed to obtain DC Bills and Utilisation Certificates during Inspection of Treasuries. As a result 7868 UCs were collected during Inspection of Treasuries in 2015-16. Important IFMS related issues were also included in the Inspection Report of Director of Accounts and Treasuries which is the nodal office for developing the software in the IFMS.

4. **Provident Fund:** Peripatetic Parties were sent to 33 DDOs to clear missing credits and unposted items etc.

AG (A&E) Maharashtra-II

1. **Accounts:** Developed In-house module for check of classification which improved detection of errors in monthly accounts submitted by treasuries. Regular follow up with State Government has brought down the number of errors in the monthly accounts from 4055 in July 2015 to 475 in the month of March 2016.

2. **Online receipt of pension applications:** The Pension Module in the IFMS of the State Government is being used for receiving pension applications online. More than 80% of retirement cases received were disposed of within thirty days and 100% of cases are disposed of within sixty days.

3. **GPF:** A new screen for processing of Residual Balance cases has been developed in-house, as a result of which instances of non-posting of interest awarded in Residual Balance has been brought down to nil.

4. **Office Intranet:** This office developed an intranet, which contains information about the office and its functions, Gradation List, Manuals, Books, Journals, circulars as well as transfer posting orders, and information on GPF accounts.

AG (A&E) Manipur

1. **Digitisation of Records**: Two officers were deputed to AG (A&E), Odisha to get training on digitization of Records. Digitisation of current pension records has started in-house.

2. **GPF Authority**: Switching over of manual GPF authority to that of fully computerized GPF authority is under way.

AG (A&E) Meghalaya

1. **Accounts:** Treasury Accounts from IFMS portal are being downloaded and the same are checked for completeness, validity and correctness of the data vis-à-vis the accounts received manually.

2. **GPF:** Information relating to GPF Account is being provided to the Government Employees through SMS, Smart Phone Application and e-Statement. A Grievances/Redressal Cell has been set up under the direct supervision of DAG (A/cs & VLC). All Final Payment cases are now uploaded on the website for convenience of the retired subscribers.

3. **Pension:** The guidelines along with list of Dos and Don'ts have also been circulated to all the State Government authorities on how to submit pension papers in complete shape. Besides, State Government employees' database showing date of retirement was collected to ascertain the number of upcoming retirement.

3. Gazetted Entitlement: For computerization of GE wing, a team visited the office of the A.G. (A&E) Kerala for studying the package and finalization of the changes required before adopting/implementation.

AG (A&E) Odisha

1. Accounts: e-reconciliation for the expenditure has been implemented. HBA digitization has been completed.

2. GPF: GPF e-schedule are being captured and posted in the GPF package through interface. The posting from e-schedule data became faster and more qualitative and the problem of wanting schedules and vouchers have also been minimized. GPF (DAK) system has been introduced, which is saving 5-6 working days, and reducing the time for processing the cases. Provisions are being made to print GPF final payment authority through the GPF system.

AG (A&E) Tamil Nadu

Accounts: Clearance Memo (CM) received in AC Branch through e- mail on daily basis is captured in the VLC system through data entries and agreed with the CM Abstract at the end of the month. Thereby the suspense head is cleared and brought to NIL before the closure of Financial Year.

AG (A&E) Uttar Pradesh-I

1. Accounts: Work is under way to host on time the status of No dues Certificate of loanees, whose request is received in this office.

2. GPF: Annual Account Statements for the year 2015-16 were hosted in E-Mode on the official website for the first time. The previous years' Annual Accounts Statements have also been uploaded on the same pattern (i.e for the years 2009-10 to 2014-15).

3. Digitization of Pension records was taken up, with the financial assistance from the Tamil Nadu Government, in December 2015 and is progressing well.

AG (A&E) West Bengal

Accounts: Consequent on the abolition of the Letter of Credit System and its replacement by the Treasury System, the accounts from the PW/Forest Divisions were discontinued with effect from 01.04.2016. The non-receipt of Works/Forest Vouchers and the administrative problem emanating therefrom was brought to the notice of the Finance Department, Government of West Bengal. All PW Divisions and Forest Divisions are now submitting their vouchers to the Accounts office and are being transmitted to the Audit office for necessary scrutiny.

II Our Accounts Performance

II A Work plan of Accounts Wing

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

1. Monthly Civil accounts;
2. Annual Finance and Appropriation Accounts;
3. Annual Accounts at a glance;
4. Various MIS reports to State Government including Report on Expenditure;
5. DDO wise expenditure figures, warning slips; and
6. Grant-wise excess expenditure.

Complete and timely rendition of these documents is monitored at the level of field offices. Treasury inspections are also carried out to ensure that system of treasuries is working in accordance with prescribed procedure. All these activities are also being monitored at headquarters level through quarterly performance reports.

II B Timeliness

Of the 28 Accounts offices, 17 Accounts offices were able to render monthly civil accounts on time. Out of 364 monthly civil accounts due during the year, 292 accounts were rendered in time, 72 accounts were delayed, mainly in the six North Eastern States, two Eastern, one Northern and two States from Southern Region.

II C Completeness

The monthly civil accounts rendered were complete in all respects. The Accounts offices rendered complete monthly accounts to the State Governments. No accounts was excluded.

II D Causes of delay in rendering accounts to State Governments

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

II E Combined Finance and Revenue Accounts

The Combined Finance and Revenue Accounts (CFRA), published annually, consolidates the financial position of Union and all the States. CFRA 2013-14 has been generated for the first time using a software, replacing the manual method.

The overview of CFRA 2013-14 has been revised and prepared in a new format with analysis of broad fiscal aggregates of the Union and the State Governments. While the broad framework of CFRA has been retained, the revised version has more analysis.

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

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

(1) Rearrangement of Statements/ Appendices beginning with the Finance Accounts 2014-15 was carried out to incorporate all the Summary Statements and Summary portion of some of the Summary-cum-detailed statements exclusively in Volume-I to make this volume self-explanatory, self-sufficient and more user-friendly. Volume-II is now more compact and contains two parts viz; Part-I Detailed Statements and Part-II Appendices.

(2) The vetting of Notes to Accounts for the year 2015-16 has been streamlined and a uniform template issued to all offices.

(3) Field offices were instructed to take up with the State Governments the issue of non-disclosure in the budget, of interest adjustments in accounts for the Reserve Funds bearing Interest and Deposits bearing interest. Non-compliance is being disclosed through a new paragraph in the NTAs from 2013-14 onwards.

II G Integrated Financial Management System

Integrated Financial Management System (IFMS) is an extension of Treasury Computerization Projects under Central Government's Mission Mode Project (MMP). IFMS encompasses various financial processes/functions of the State Government. The primary goal of the system is to provide a tool for State Government for fiscal management and to link and integrate the Finance Department, DDOs, Treasuries, RBI, Agency Banks, the AG and Government of India. The States of Gujarat, Haryana, Himachal Pradesh, Jharkhand, Karnataka, Maharashtra, Odisha, Punjab, Rajasthan, and West Bengal are at advanced stage of implementation, while 11 states i.e. Andra Pradesh & Telangana, Jammu and Kashmir, Kerala, Madhya Pradesh, Meghalaya, Mizoram, Sikkim, Tamil Nadu, Tripura, Uttar Pradesh and Uttarakhand are at an intermediate stage.

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

II G Date of certification of Annual Accounts of the States for the year 2014-15

The dates of certification of accounts for different states are given below:

Sl. No.	States	Date of certification
1	Andhra Pradesh	23.03.2016
2	Arunachal Pradesh	04.01.2016
3	Assam	22.02.2016
4	Bihar	20.11.2015
5	Chhattisgarh	04.11.2015
6	Gujarat	09.11.2015
7	Haryana	06.11.2015
8	Himachal Pradesh	09.11.2015
9	Jammu & Kashmir	20.11.2015
10	Jharkhand	20.11.2015
11	Karnataka	13.01.2016
12	Kerala	28.01.2016
13	Madhya Pradesh	03.12.2015
14	Maharashtra	27.10.2015
15	Manipur	13.10.2015
16	Meghalaya	03.12.2015
17	Mizoram	04.12.2015
18	Nagaland	13.10.2015
19	Odisha	23.10.2015
20	Punjab	04.01.2016
21	Rajasthan	26.11.2015
22	Sikkim	23.10.2015
23	Tamil Nadu	04.01.2016
24	Tripura	13.10.2015
25	Uttar Pradesh	20.11.2015
26	Uttarakhand	21.10.2015
27	West Bengal	20.01.2016
28	Telangana	23-03-2016

III Treasury Inspections

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.

We carried out 96.07 *percent* of the planned treasury/sub-treasury inspections. State Governments accepted 99.77 *percent* of the recommendations made by us as detailed below:

Description	No. of inspections		Inspection Reports issued	Recommendations	
	Planned	Carried out		Made	Accepted
Treasury	724	702	694	805	803
Sub Treasury	1,843	1,764	1,162	524	523
Total	**2,567**	**2,466**	**1,856**	**1,329**	**1,326**

III A Major Findings of Treasury Inspections during 2015-16

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

IV Our Performance concerning Entitlement Functions

IV A Pension cases finalized

Pension authorization is done by 19 Accounts and Entitlement offices. These offices finalized 3,93,453 pension and pension revision cases. The average time taken for finalization of a case ranged from 30 days (Gujarat, Haryana, Nagaland, Punjab and UP-II) to 60 days (Tamil Nadu and Himachal Pradesh). Average delays ranged from 1 day to 34 days in the remaining offices. Bulk receipt of revision cases, late receipt of reply/clarification from departments, heavy inflow of fresh pension cases at the end of the year, and late receipt of replies/clarifications from the department were some of the reasons for delays in processing pension cases.

IV B Maintenance of General Provident Fund Accounts

22 A&E offices are responsible for maintenance of General Provident Fund Accounts (GPF) of State Government employees. During the year 2015-2016, we maintained 35,34,177 GPF accounts through 22 A&E offices. Accounts slips in respect of 33,90,448 GPF accounts (95.93 *per cent*) were issued on time.

No. of GPF accounts maintained during 2015-16	No. of accounts slips issued in time
35,34,177	**33,90,448**

V Measures taken to address grievances/ new initiatives

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

V A Andhra Pradesh and Telangana

1. **Challenges faced:** Consequent upon the State's bifurcation, the office convened a series of meetings with the Governments, which helped the States in conveying agreement/concurrence/views on issues relating to apportionment of Assets and Liabilities.

2. Pension: For processing of pre-1998 revision cases based on the orders of Supreme Court, a separate Cell was formed with 20 staff members. Around 45,000 cases were processed as of 31-03-2016.

3. GPF: e-authorisation was implemented from August 2015 onwards to avoid transmission delay. Facility to download intimations from local Mee-seva agency has been extended to subscribers. To ensure greater security, the DDO copy of the authorisation is digitally signed. Downloading of data from HRMS package of State Government has been planned for e-posting.

V B Tamil Nadu

GPF: Due to satisfactory performance of GPF wing in delivering value added services to the GPF subscribers, Government of Tamilnadu entrusted the maintenance of around 55,000 accounts of GPF subscribers relating to the teaching staff of Panchayat Union and Municipal schools in October 2015.

V C Uttar Pradesh

GPF: The Annual Account Statements of state employees and AISPF subscribers for 2015-16 were hosted in E-Mode on the official website for the first time and the previous years' Annual Accounts Statements from 2009 to 2014-15 were also uploaded on the same pattern.

V D Meghalaya

1. Accounts: Workshop was organized for improving the quality of accounts and service delivery.

2. Pension: The guidelines and Dos and Don'ts for submitting pension papers were circulated. State Government employees' database was collected to ascertain the number of upcoming retirements.

3. GPF Wing: A Public Grievances Redressal Cell has been set up. Final Payment cases are disposed of within 1 (one) month, and uploaded on the website.

V E AG (A&E)-I, Maharashtra - I

1. Pension: Workshops were organised for sensitising more than 1200 DDOs.

2. Uploading of Electronic PPO Data: Electronic data of the PPO/GPO Authorities is uploaded on IFMS portal for improved service delivery to the pensioners.

3. GPF: Workshops/Adalats were conducted for DDOs for submission of accurate GPF schedules and final payment applications. A total of 22,52,318 images of 2,87,051 GPF accounts were digitized. Peripatetic Parties were sent to clear missing credits, unposted items and full /part wanting items.

V F AG (A&E)-I, Maharashtra – II

1. **On line submission of Pension applications:** The pension applications are being submitted online, and are being uploaded in 'SAI' package.

2. **Grievances Redressal Cell:** Grievances Redressal Cell is functioning.

3. **Accounts:** A module has been developed for checking of classification. Follow-up with State Government has brought down the number of errors in the monthly accounts from 4,055 in July 2015 to 475 in March 2016.

V G AG (A&E) Odisha

GPF: GPF e-schedules are being captured and posted in the GPF package. GPF (DAK) system has been introduced, which is saving 5-6 working days that went in transmitting DAK manually. Provisions are being made to print GPF final payment authority through GPF system.

V H AG (A&E) Kerala

1. **Web Based Monitoring (Pensioners):** The work status is being updated in our website enabling the pensioners to ascertain the status.

2. **Gazetted Entitlement Management System (GEMS):** GEMS has been implemented in the office with effect from February 2013.

V I AG (A&E) Haryana

1. **Pension:** All case of pension and withheld gratuity are regularly pursued with the Finance Department.

2. **Grievance Redressal Cell:** attends to the grievances within 3 days. Online facility to register complaints is also available.

3. **GPF:** The Final Payment of GPF balance is cleared within one month and Status of Final Payment is updated on website. The subscribers can view/download the status of their GPF account by using PIN No. The Peripatetic Party cell cleared a number of un-posted items.

V J AG (A&E) Uttarakhand

A new initiative for up-loading the annual review on the working of Treasuries for the year 2014-15 on the website of Accountant General has been taken up.

V K AG (A&E) Karnataka

1. IFMS: Implementation of Khajane-II system of State Government is in process.

2. SMS facility: is available for interaction between the pensioners and this office.

3. PRO facility: The services of a pension PRO counter are available to address the grievances of the pensioners.

4. New Initiatives:

(1) Integration of three packages (FoxPro, MECON and AP packages) completed.

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

V L AG (A&E) Tripura

1. Accounts: A workshop was organised to ensure quality of accounts from the Forest Department. The Hon'ble Minister for Forest, Rural Development and Election, Govt. of Tripura addressed the gathering.

2. GPF: mGPF was introduced with effect from January 01, 2016. It enables GPF subscribers who have registered their mobile number to receive real time SMS alerts on debit/credit in their account.

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 for all practitioners and 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 governmental accounting and financial reporting to enhance public accountability and quality of decision making. 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 Government (Central and State), Professional Accounting Institutes, Reserve Bank of India and Academia.

GASAB has the following responsibilities:

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

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

IA Accounting Standards notified

The following three IGASs have been notified till March 2016:

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

IB Accounting Standards under consideration of Government

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

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

The Secretariat of GASAB is currently working on various topics including General Purpose Financial Statement, Construction Contracts and Advisory on Fixed Assets Accounting.

II Audit methodology and guidance

The Professional Practices Group (PPG) has the mandate to prescribe audit procedures & policy for the Indian Audit & Accounts Department and acts as an advisory wing for various technical issues. PPG adopts a consultative approach before prescribing procedure or coming up with a new initiative. PPG also partners with the International community for the development and strengthening of professional standards and practices. The Technical Board on Professional Practices advises the CAG of India on various accounting and auditing policies and procedures. The Technical Board is supported by PPG in its initiatives. In order to attain the aforesaid objectives and to strengthen the professional practices in CAG of India, the PPG during the year 2015-16 has taken the following initiatives:

II A Big Data Management Policy for IA&AD

The audit environment is rapidly changing and audited entities are transitioning into virtualized environments generating and storing voluminous data which are steadily going beyond the traditional processing capabilities. This apart, large chunks of meaningful and relevant data in disparate forms, are being incessantly produced by the external eco system, which when collated provide the contextual framework regarding the functioning of the audited entities. Considering that the Department needs to prepare itself for the changing environment the Big Data Management Policy has been formulated in August 2015.

This document states the Indian Audit & Account Department's policy and intent for dealing with big data. Big Data refers to extremely large, complex data sets that exceed the traditional processing capabilities of the IT infrastructure due to their size, format diversity and speed of generation. It is collated from all imaginable sources and leverages information as the vital asset. It includes:

- Structured and unstructured data
- Internal and external data
- Formal and informal communication

There are three dimensions of big data which are to be considered while designing a management framework for big data.

1) Distinguishing features
   a. Volume – quantity, the amount of data
   b. Variety – formats, the data types, data from various sources
   c. Velocity – speed, the speed of data going in and out
   d. Veracity – quality of data
2) Processes
   a. Capture - obtaining data in various forms
   b. curate - synthesizing data for use and reuse
   c. store - preservation
   d. search - exploration
   e. share - distribution and access
   f. transfer- move
3) Results - visualization and analysis

II B Compliance Auditing Guidelines

CAG's Regulations on Audit and Accounts, 2007 recognised compliance audit as a distinct stream of audit. These guidelines contain the framework for the process of compliance auditing within the Indian Audit and Accounts

Department. The officers and the staff of IA & AD have to follow these guidelines in planning, implementation, reporting, observing follow-up processes and obtaining quality assurance in compliance audits. They outline principles, objectives, approach, methodology, techniques and procedures for conducting compliance audits. These guidelines are based on the existing guidelines and instructions applicable within IA & AD and have adapted the ISSAIs (International Standards of Supreme Audit Institutions) for compliance auditing.

These guidelines reorient the planning process by instituting a top down, risk based and department centric approach and aims to instil the process rigour in audit implementation. These guidelines also provide clarity on reporting and follow up processes.

II C Improvement in the quality and timeliness of Audit Reports

Guidance was provided to the field Audit Offices for steady improvement in the quality and timeliness of audit reports. Quality of audit reports depends on due attention being given to the following issues: (a) significance and importance of the matter to be undertaken for examination by audit; (b) adequacy of scope and coverage of audit examination; (c) fairness and objectivity in examining all relevant material; (d) reliability of audit findings and conclusions based on verifiable evidence; (e) usefulness of audit finding emerging after examination of a representative sample; (f) giving reasonable opportunity to those whose actions and decisions are being commented upon by Audit; (g) clarity in presentation of audit findings in a manner easily understood by the stakeholders; and (h) making only feasible and specific recommendations.

Timeliness of audit reports is another important consideration for us. This implies that we should preferably take up topics of contemporary relevance and that actual conduct of such audits and reporting thereon should also not be so unduly delayed as to lose its contemporary relevance. The timeliness would thus include elements of both the timeliness at the time of selection of topic as well as at the time of presentation of audit report.

II D MoU with Evidence for Policy Design

A Memorandum of Understanding (MoU) has been concluded with Evidence for Policy Design (EPoD), an initiative of Harvard Kennedy School, USA (based out of the IFMR, Chennai in India) for a period of two years from May 2015 for a mutually beneficial partnership with specific goals of (i) developing an evidence based methodology for planning, designing and implementing Performance Audits, including setting of Audit objectives, determining the scope, sample selection and survey designing, and (ii) hosting training workshops which would contribute to upgrading the capabilities of CAG for using the evidence based methodology.

The evidence based approach was used as a pilot project in one performance audit of social security pensions of Government of Kerala to develop Audit objectives, determine the scope, sample size and selection methodology, design a survey questionnaire apart from analysing findings emanating from the questionnaire and statistically estimating the findings for the population. The approach is being leveraged for an all India Performance Audit also.

III Professional Standards and Quality Assurance

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

III A Internal Peer Reviews

We organize Peer Review of Audit Offices as part of Quality Assurance Mechanism. These are governed by the guidelines on “Quality Assurance through Peer Review”. During the year 2015-16, Peer Review of 13 offices were planned and conducted 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.

III B Quality Management through Inspections

Inspection Wing conducts inspections of all field offices including branch offices on triennial basis. During the year 2012-13, format of the Inspection Reports and checklists/guidelines were revised in respect of both Audit and A&E offices and inspection is now being carried out on these lines. For Audit offices, the reports cover 6 different dimensions, viz., Office Performance, Audit and Audit Methodology, Quality Control, Stake holders Management, Management and Support Structure and Test Audit Note.

For the A&E offices, the report covers Office Performance, Accounts, Funds, Pension and GE Wings, Training, Stake holders Management, Management & Support Structure and Test Audit Note. For the training Institutes, the report covers Office Performance, Training, Hostel Facilities, Management and Support Structure.

During the year 2015-16, 36 main offices (A&E - 7, Civil Audit - 12, Defence Offices - 3, Member Audit Board - 4, P&T - 2, Railway – 6 and Training Institutes - 2) were inspected by utilizing 320 party days.

Number of Inspections planned	Number of Inspections carried out	Number of audit findings in inspection	Number of audit findings settled	Compliance percentage
36	36	2,389	942	39

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.

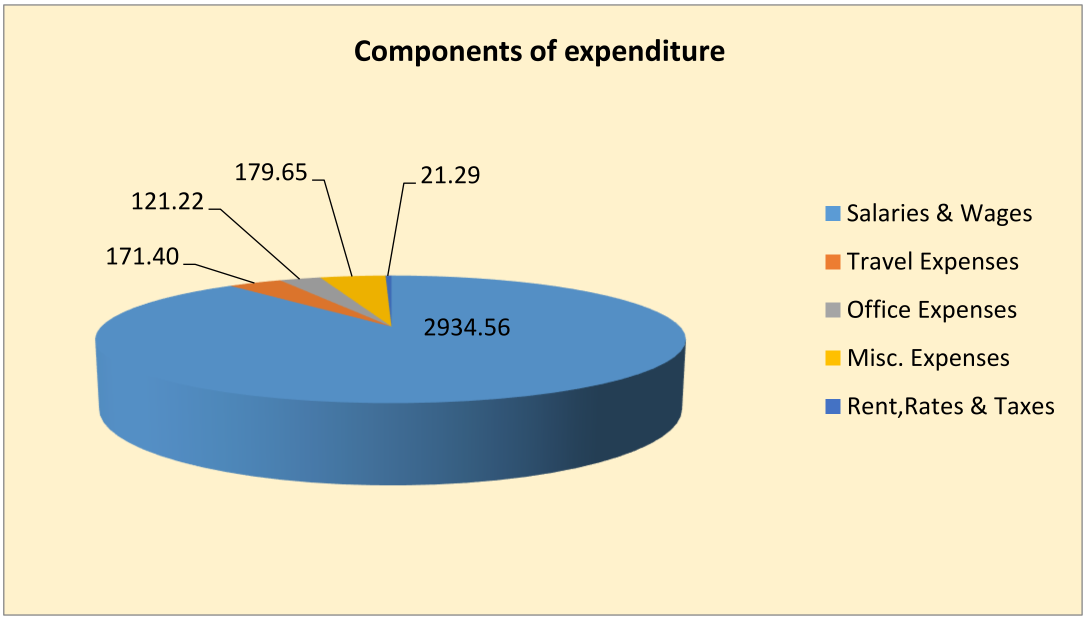
I Our Financial Management

We spent ₹ 3428.12 crore in 2015–2016. Component wise details of expenditure are given below:

I A Components of Expenditure

We spent 85.60 *per cent* of our resources on 'Salaries and wages' and 5 *per cent* on 'Travel'. Thus 90.60 *per cent* of total expenditure was incurred directly on our human resources.

(₹ 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 62.40 *per cent* on Audit (excluding Headquarters). The total expenditure on the Civil Accounts Offices was approximately 32.63 *per cent*.

Category	Actual Expenditure (₹ in crore)	Percentage of Expenditure
Headquarters office	104.55	3.05
UN Audit	4.46	0.13
Overseas Audit offices	25.13	0.73
Civil Audit Offices	1621.62	47.30
P&T Audit Offices	101.46	2.96
Railway Audit Offices	185.88	5.42
Defence Audit Offices	73.72	2.15
Commercial Audit Offices	131.17	3.83
NAAA Shimla	11.39	0.33
iCISA, NOIDA	9.66	0.28
Regional Training Institutes	27.60	0.81
Department Canteen	12.90	0.38
Civil Accounts offices	1118.58	32.63
Total	**3428.12**	**100**

I C Allocation of Resources for Audit

Total budget for conducting Audit was ₹ 2138.98 crore against combined budgeted revenue and expenditure of Union and State Governments of ₹ 66,36,655 crore (Expenditure ₹37,94,689 crore and Revenue ₹ 28,41,966 crore) during 2015-16. Expressed as percentage, the expenditure on audit was only 0.032 *per cent* of total of the revenue and expenditure of Union and State Governments for 2015-16. 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.

Budgetary allocation for audit on auditing functions

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

II How we manage our Human Resources

People are our key assets as we are a knowledge based organization. ISSAI 40 prescribes that the SAI should establish policies and procedures designed to provide assurance that it has adequate number of competent and motivated staff to discharge its functions effectively. Some significant developments during 2015-16 included the following:

- Optimal staffing in the field offices continued to be the main focus of the Staff Wing during 2015-16. Requisitions placed with Staff Selection Commission for direct recruitment to the posts of Divisional Accountants, Auditors, Accountants & Data Entry Operators materialized during 2015-16. 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.

III Our People

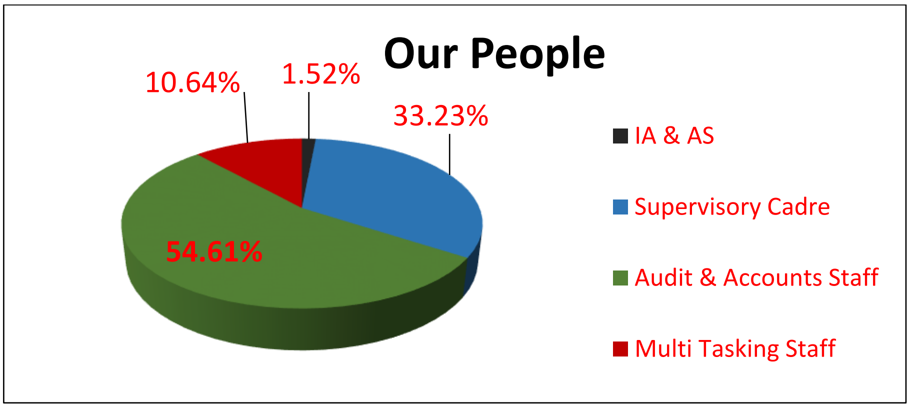
Our manpower is broadly classified into four categories:

Category	Numbers
IA&AS	698*
Supervisory Cadre	15,295
Audit & Accounts Staff	25,132
Multi-Tasking Staff	4,899
Total	**46,024****

*This includes 6 officers on deputation from other services in SAG.

** As on 1.3.2016.

In IA&AD 34.75 *per cent* people are at different managerial and supervisory levels and 54.61 *per cent* constitute audit and accounts staff. Only 10.64 *per cent* (MTS) of the total strength provide support function. As against sanctioned strength of 68,194 only 67.49 *per cent* are presently working in the Department. We recruited 7,188 Audit & Accounts Staff during the year. This helped in mitigating the deficiency to some extent.



Indian Audit & Accounts Service (IA&AS) - Officers are recruited through Union Public Service Commission. The top, senior and middle management level of IA&AD are manned by officers from this service. They constitute a part of 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 (SAS) Examination.

Audit & Accounts Staff - Data Entry Operators (DEOs), Clerks, Auditors/ Accountants and Senior Auditors/ Senior Accountants form this cadre and constitute 54.61 *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 81 doctorates; 1,830 professionally qualified personnel[5]; 5,319 post graduates and 26,852 graduates in these cadres.

The IA&AS consists of 12 doctorates, 355 professionally qualified[5] officers, 164 post graduates and 161 graduates.

V Recruitments

We recruited 7,204 persons in 2015-16. The largest number of recruitments (7,188) took place in the Audit and Accounts staff category.

VI Gender Balance

The adjacent table shows the gender profile of the Department in different cadres as on 1.3.2016. The proportion of women is highest in the IA&AS.

Category	Women	Men	Percentage of Women
IA & AS	168	530	24.07
Supervisory Cadre & Audit/ Accounts Staff	7,228	33,199	17.88
Multi-Tasking Staff	718	4,181	14.66
Total	**8114**	**37910**	**17.63**

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

VII Staff Associations

We have 239 staff associations and 5 All India Federations representing Audit and Accounts staff and supervisory cadres. State level meetings were held by the PAsG/AsG with the respective field level Service Associations.

VIII Publications

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

The third issue (August 2015) featured for the first time a video podcast of the findings of one of the performance audits on Flood control and Drainage systems in Delhi. One of the articles on audit of “Farm Loan Waiver Scheme” showcases the impact of audit findings.

The fourth issue (January 2016) of journal again focused on dissemination of CAG’s products in the digital age and illustrated innovative ways of leveraging visualisation and infographics in audit and accounts. Visualisations of the essence of Chapter I of Audit Report on Union Government Accounts for the year 2013-14 and crux of performance audit on Indira Awaas Yojana were portrayed in this edition as two slide show broadcasts. An overview of finances of Karnataka reported in Chapter I of the report on State Finances of Karnataka for the year 2012-13 was depicted using infographics in auto slide mode.

IX How we use Information Technology

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

1. 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. The project will be implemented in all DDOs of IA&AD (about 180) in three phases. Phase-I covering 46 DDOs has been implemented.

2. Project for development of GE software for Kerala was implemented. The GE package is being customized in Karnataka and Tamil Nadu and is being studied in other states for implementation.
3. Latest version of IDEA software is being used for data extraction and analysis.
4. Video Conferencing is being successfully carried out. in the department using a technology called Vidyo over the public internet. About 48 VCs have been conducted during the year.
5. New CAG website with better presentation and search facility has been launched with effect from 1.1.2016.
6. Leased line Internet connectivity to all offices through NICNET is under progress.

X Our efforts to promote Rajbhasha

Publications

We published during the year 2015-16 three issues of quarterly magazine of Rajbhasha, "Lekha Pariksha Prakash" from the headquarters' office. Field offices are also regularly publishing the Hindi Magazines to promote the official language.

Hindi Programmes

(a) We conducted four Quarterly meetings under the chairmanship of Deputy Comptroller & Auditor General to review the 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 14-09-2015 to 30-09-2015 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) The target of 25 *per cent* fixed by the Rajbhasha Vibhag, Government of India, Ministry of Home Affairs for inspection of our field formations was achieved.

(d) Parliamentary Rajbhasha Committee inspected five field offices under supervision of headquarters office.

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.

XI Infrastructure Development

To augment office space as well as residential units for use of IA&AD at various stations all over India, several building projects have been taken up as detailed below:

A. The following projects have been completed:

1. Kohima-104 Residential quarters
2. Shillong-Administrative cum Academic Block of RTI, Shillong
3. Shillong-Transit Accommodation
4. Patna-32 Type-IV Residential Quarters

B. The following projects are under construction:

1. Dehradun-AG office building
2. Itanagar-AG office building
3. Lucknow-AG office building
4. Patna-24 Type-III Residential Quarters
5. Shimla-Repair, retrofitting and restoration of fire damaged Gorton Castle building

C. The following projects are at planning stage:

1. Bhubaneswar-Construction of office building at Kesari Nagar
2. Bangalore-Construction of office building at H. Siddiah Road

Chapter 7

Capacity Building in IAAD

1. Introduction

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

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

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

2. Capacity Building in IAAD

Capacity building involves intensive training and knowledge sharing, and is the responsibility of the Training Wing at SAI India. The Training wing functions under the Deputy Comptroller and Auditor General assisted by the Director General, a Senior Administrative Officer, Administrative Officer, two Assistant Administrative Officers and the support staff. The objectives of Capacity building are:

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

3. Training Institutes of IAAD

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

i **National Academy of Audit and Accounts, Shimla** The National Academy of Audit and Accounts (NAAA) is the apex training institute of the IAAD. It has trained hundreds of Officer Trainees of the IAAS over the years, with the objective of shaping them into highly professional and competent officers. IAAS officers are required to acquire and possess the professional skills of an accountant and auditor in addition to administrative competence to manage the staff of the IAAD which has a strength of nearly 46,000 personnel. The institute also offers mid-career and in-service training to officers.

Since its inception, more than 61 batches of IAAS officers have received comprehensive and holistic training at the Academy, and have carried out their responsibility towards assisting the CAG of India in discharging his constitutional and statutory duties. Incidentally, it is not only officers of the IAAS who have flourished under the expert and proficient framework of the Academy, but also officers from other services like the Indian Railway

Accounts Service (1950s) and the Indian Civil Accounts Service (1984-92) who were trained here along with the IAAS probationers. The Academy has also extended its academic and professional training expertise to officers from foreign countries such as Bhutan and Nepal. During 2015-16 NAAA conducted 10 training programmes in which 167 officers of the IAAS, IAS, IDAS, ICAS and IRAS were trained.

Induction Training of IAAS officers: The officers of the Indian Audit and Accounts Service undergo a 15-week Foundation Course, along with Officer Trainees (OTs) of other organized All India and Central Services, at different training institutions designated by Government of India. Thereafter they undergo Induction Training at the Academy, enabling them to emerge as professional Public Sector Audit Managers and Audit Executives. The training curriculum of the officer trainees was reviewed in detail and suitably modified in 2013-14.

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

within and outside IAAD and presentation of Strategy and Syndicate Papers. In order to expose the trainees to international best practices and standards, they also have a one week Overseas Attachment with a Supreme Audit Institution. In 2015 this attachment was with the National Audit Office (NAO), London. During this attachment, they were given exposure to challenges faced by Public Sector auditors in an ever-changing environment, risk-based audit approach adopted by NAO, identification of internal controls and its impact on substantive testing, quality assurance in audit process, etc.

Orientation Training Programme: Group B officers on promotion to the Indian Audit and Accounts Service are trained to shoulder higher level managerial responsibilities expected on their appointment to the Indian Audit and Accounts Service. These officers undergo an intensive Orientation Training at the Academy. This training program is designed primarily to enhance the managerial skills of the officers apart from updating of professional knowledge and Information Technology skills. Personality development and leadership training is also a major area of focus. It serves as a forum for exchange of the diverse prior experiences of the officers and aims at equipping the officers to take on greater responsibilities. During 2015-16, 21 officers were trained at NAAA.

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

iCISA is a 'Centre for Excellence' for audit of information systems, that are being implemented across the country, as part of the e-Governance initiatives of the Central and State governments. iCISA has been the hub of capacity building in the area of Information technology and e-Governance. The Centre has provided a platform for the introduction and implementation of new data analytics tools in the department, the latest being QLIKVIEW and TABLEAU. iCISA has organized training programmes on Auditing in ERP environment i.e., SAP, ORACLE Financials. The Centre also houses the INTOSAI Collaboration Tool that provides a platform for collaboration amongst SAIs globally.

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

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

- To promote bilateral co-operation between the Government of India, which funds these training programmes, and other Governments;

- 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 from Africa, Central Asia, South East Asia, Far East, Middle East, Pacific and East European region have participated in these international programmes.

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

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

iCISA conducted five International training programmes and trained 208 international participants, and six Bilateral programmes in which 106 participants were trained. An ASSOSAI Seminar on SAI Management was also conducted in which members from 27 countries participated.

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

The International Centre for Environmental Audit & Sustainable Development (iCED) at Jaipur was established in May 2013. The building was conceived as a green building and aims to achieve Green Rating for Integrated Habitat Assessment (GRIHA). Creation of iCED is an expression of awakening to the reality of conservation of environment and its role in this reality; being ready for the challenge; and emerging as a leader in the INTOSAI community in the field of environment audit and audit of sustainable development. iCED has been recognized as the Global Training Facility (GTF) of the INTOSAI on Environment Audit. The first GTF training was held in November 2013. The training schedule and contents was prepared by experts in the area from SAIs USA, Estonia, Brazil, Norway, Finland and India; and the training was imparted at Jaipur by these experts. iCED has conducted one International Training programme for 22 participants from 13 SAIs and 2 bilateral programme for 43 participants from SAI Oman and SAI Bangladesh during 2015-16.

In addition, iCED also conducted 21 in-service training programmes for 577 officers in the field of Environment Audit.

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

iv Regional Training Institutes/Centres

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

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

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

4. Training Methodology and Processes

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

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

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

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

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

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

STMs are designed based on assessment of:

- Existing Knowledge of the participants
- Job related need of the participants

- Gap analysis between what they know and what they must know.

Training wing had initiated updating of the STMs during 2014-15. During 2015-16, 34 STMs were updated after peer review by IAAS officers with domain knowledge in the particular area and sent to RTIs/RTCs for dissemination. One STM on 'Style and Presentation of Audit Reports' was prepared by the Training wing and sent to RTIs/RTCs for dissemination.

5. IT Audit - auditing in ERP environment

Critical, new or different skills needed to meet the latest challenges are constantly being identified. A case in point is developing the ability to audit in an IT environment. There has been a paradigm shift in the IT environment and most auditee organizations have moved to ERP systems or have developed their own stand-alone IT systems. Data analytical tools have changed from the conventional Excel, IDEA to new and emerging tools like Tableau and Qlikview. This necessitated our quick transition to develop capacities for auditing in the current and rapidly evolving IT environment.

As against the traditional approach to capacity building which focuses on transferring knowledge to individuals, an action based approach that enhanced capacity to meet our organization's specific needs was adopted. As a first measure, the focus areas for audit, the target group for training, the existing resources and the strategy to extend this training at a very fast pace in the Department were identified.

To enable our audit personnel to audit in an ERP environment, pilot training programmes were organised in conjunction with auditee organizations. These programmes combined theoretical inputs with hands on exercises on practical audit checks to be exercised for distinct business processes, through querying the auditee's database. They focused on familiarization with navigation and development of adequate capacity for data extraction from different modules (business processes) of ERP applications, such as Financial Accounting, Material Management, HR Management, Sales/Distribution for subsequent analysis. Further, observers attended the early programmes to assess efficacy of the programme and ensure necessary modifications taking into account participants' feedback. These trainings were video graphed and developed into e-learning modules with extensive use of screenshots, supplemented with practical step-wise reference manuals to enable future trainings as well as to serve as guides for audit parties to navigate through the software and to extract and analyse data while undertaking such audit.

Besides, a structured training module was developed to equip audit offices for auditing in home grown individual software of audit entities. The new STM ensures a uniform and comprehensive module for use across the country. All RTIs / RTCs are conducting these standardized courses every month.

A user friendly e-module has been developed for self-learning which familiarizes and enables audit staff to work with disparate softwares being used by our multifarious auditee agencies spread across the country. This e-module titled 'Introduction to IT Audit' has been widely disseminated; and officers are encouraged/incentivised to clear the in-house test based on the e-module by making such clearance a pre-requisite for prescribed coveted assignments.

The extensive use of technology combined with standardization of course modules and contents has enabled us to hasten developing capacities in auditing in IT environment. Our next challenge is to undertake widespread capacity building in statistical analysis and data analytic tools like KNIME and Tableau for optimal utilization of available big data for effective auditing.

6. E – Learning

A significant innovation in recent times has been the progressive introduction of e-learning in the Department. Training wing's e-Learning initiative, "Reach Out", has prepared eLearning modules completely in-house at no cost. The learning content is developed according to a carefully identified set of learning objectives, duly reviewed by subject matter experts. These e-modules enable people to learn "Anytime-Anywhere", while ensuring consistent quality. It is a flexible mode of learning, utilising standardized expert input and reaching out knowledge to the maximum number with minimum dislocation.

The following five eLearning modules have been developed so far, utilising the expertise of officers nominated for content development:

i. Auditing in ERP Environment – Oracle Financials,
ii. Auditing in ERP Environment – SAP
iii. Awareness of ISSAIs
iv. CAG's DPC Act 1971
v. Introduction to IT Audit

To widen dissemination and to truly facilitate "Anytime-Anywhere" learning, a mobile version of eLearning module on "Awareness of ISSAI" has also been forwarded to smart phones using "Whatsapp" application.

Once the eLearning module is downloaded by the user, he/she does not require an internet connection to view the contents.

At present, the content for e learning modules on Audit Regulations, Disciplinary Proceedings and Introduction to Commercial Accounts is under development. It is proposed to also prepare a Hindi version of the module on Disciplinary Proceedings.

7. Strengthening IA&AD's Regional Training Capability: Medium Term Plan

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

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

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

Under this programme RTIs Jammu and Shillong were taken up for modernization in 2014-15 which was completed the following year. During 2015-16 RTIs Chennai, and Jaipur were taken up for upgradation and are expected to be completed during 2016-17. All goals set in the medium term road map for qualitative improvements on adoption of best practices relating to training need analysis, streamlining and standardization of procedures, faculty resources, impact assessment, structured training modules, etc., have been implemented. All RTIs/RTCs will gradually be equipped with top quality infrastructure and updated teaching equipments.

8. Designated Knowledge Centres:

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

SN	Name of RTIs/RTCs	Area of specialization
1.	RTI Allahabad	Government Budget Government Accounts including GASAB
2.	RTI Chennai	Financial Attest Audit of Government accounts i. Audit of Public Private Partnership in Infrastructure Projects ii. Audit of Autonomous Bodies
3.	RTI Jammu	i. Defence Audit ii. Audit of Regulatory Bodies

SN	Name of RTIs/RTCs	Area of specialization
4.	RTI Jaipur	i. Social Sector Audit ii. Performance Audit iii. SPVs and Trusts/Societies implementing beneficiary oriented schemes
5.	RTI Kolkata	i. Rural Local Bodies Audit ii. Railway Audit iii. Compliance Audit
6.	RTI Mumbai	i. Corporate Governance ii. Corporate Finance iii. Commercial Audit iv. Financial Reporting (IPSAS)
7.	RTI Nagpur	i. Audit of Fraud, Fraud Detection Techniques and Forensic Audit ii. Central Revenue Audit including Transfer Pricing
8.	RTI Ranchi	i. State Revenues Audit ii. Public Works Audit
9.	RTI Shillong	i. Certification Audit of Autonomous District Councils as per Financial Attest Audit Manual ii. Audit Quality Management Framework (AQMF)
10.	RTC Bangalore	i. Information Technology ii. Information Technology Audit
11.	RTC New Delhi	i. Public Debt ii. Public Procurement
12.	RTC Hyderabad	i. Social Audit ii. Urban Local Bodies Audit

9. Career Milestone Training for IAAS Officers at institutions of repute

The following career milestone programmes for the year 2015 have been successfully completed, and were well appreciated by participants:

- Executive Development Programme for IAAS Officers with 6-8 years of service at Indian Institute of Management, Ahmedabad.

  - Program objective is to enhance understanding of public policy and finance issues, strengthen analytical tools and management acumen.
  - 30 officers received training under Executive Development Programme during 2015-16.

- Management Development Programme for IAAS Officers with 15-16 years of service at Richard and Rhoda Goldman School of Public Policy, University of California, Berkeley.
  - Program objective is to widen exposure and technical inputs - strengthen analytical tools, management acumen, and inter-personal skills.
  - 22 officers received training under Management Development Programme during 2015-16.
- Advanced Management Development Programme for IAAS Officers with 25 – 28 years of service at Aresty Institute of Executive Education, The Wharton School and University of Pennsylvania.
  - Program objective is to widen exposure to multi-dimensional issues faced by senior managers including policy development, performance management, organizational design, negotiation, leadership.
  - 15 officers received training under Advanced Management Development Programme during 2015-16.

10. External Trainings for Group B officers

(i) OP Jindal Global University (JGU), Sonepat, Haryana, (near Delhi) conducts three customised courses on Management, Public Finance, and Public Policy

During 2015-16 three batches of Group ‘B’ officers were sent on these five day residential training programmes at JGU. Three courses are scheduled for 2016-17. The courses are designed by the university in close conjunction with Training Division and customised to our requirements.

(ii) Senior Professional Course at NIFM Faridabad

Four SAOs have been nominated to attend a training programme at National Institute of Financial Management (NIFM), New Delhi. The programme includes a two weeks attachment with NIFM’s partner institute in Europe.

11. In-house training programme for officers and staff posted in CAG Office

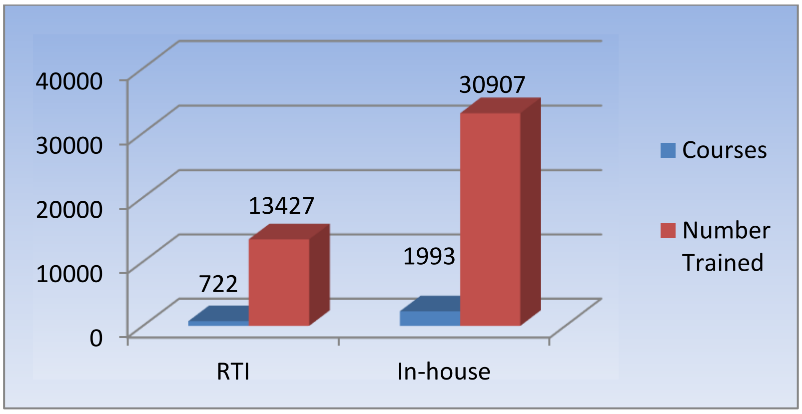
As a first, Training wing initiated and conducted in-house training for SAOs/AOs/AAOs/PPS/PS/PA/Steno/Clerks/DEOs posted in CAG offices. During 2015-16, 146 officers and staff were trained in 8 training programmes.

The topics included:

- Refresher Course for PAs/PS/Stenos
- Refresher Course on Audit Evidence
- Course on IDEA Software
- Refresher Course on Development of Management Skills
- Course on MS EXCEL
- Refresher Course on Performance Audit
- Refresher Course on Audit Quality Management Framework
- Course on Audit in IT Environment

12. Training Activities of RTIs/RTCs

a) During 2015-16 RTIs/RTCs conducted 722 courses and trained 13,427 officers. In-house training centres in 133 Offices (excluding 5 overseas offices) conducted 1,993 courses and trained 30,907 officers.



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

- Audit of e Governance
- Audit of PPP
- Training Programme on IPSAS
- Training Programme on UN Audit
- Training Programme on Embassy Audit
- Training Programme on DBA for Oracle 11g

- Training Programme on SAP
- Training Programme on Auditing in IT Environment
- Audit of Social Sector Schemes
- Training programme on Digital Forensics in Tableau and Qlikview

13. Publications

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

1. Public Finance (with introductory Economics)
2. Public Expenditure, Revenue and Resource Management
3. Government Accounting (Book Keeping in Public Sector)
4. Commercial Accountancy (Book Keeping in Private Sector)
5. Public Sector Financial reporting
6. Private Sector Financial Reporting
7. Cost and Management Accounts
8. Essays on Principles of Public Sector Auditing
9. Financial Auditing
10. Compliance Auditing of Public Expenditure and Revenue

b) iCED has compiled an e-journal "Green Files" by combining inputs from various Environmental audit reports which has been greatly appreciated in IA&AD and outside.

c) Research papers and Case Studies have been published by Regional Training Institutes.

Chapter 8

Our Interaction with Key Stakeholders

The primary stakeholders of the CAG are the Parliament, State Legislatures and the public. The Parliament and state legislatures have Public Accounts Committee (PAC) and 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 of the audits conducted by SAI India.

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

I CAG's Audit Advisory Board

An Audit Advisory Board is set up under the Chairmanship of the CAG to advise him in matters relating to audit and suggest improvements in the performance and focus of audit within the framework of the constitutional and statutory mandate of the CAG. It is one of the key instruments employed to enhance leadership and direction in IAAD and thereby improve audit quality. The members of the Board function in an honorary capacity. The Board consists of eminent persons in diverse fields, Deputy Comptroller and Auditors General and Additional Deputy Comptroller and Auditors General from the Department. The first Audit Advisory Board was constituted in 1999. Since then the Board has been reconstituted seven times (2001, 2003, 2006, 2009, 2011, 2013 and 2015). The term of the eighth Board is up to July 2017.

The Audit Advisory Board met on 28 October 2015. The Board deliberated upon, among other things, the issues relating to social audit, audit of Public Private Partnership projects, need for greater oversight on health expenditure, audit of agricultural credits and dissemination of Audit Reports through media and other partners.

II State Audit Advisory Boards

On similar lines, Audit Advisory Boards have been constituted in the States under the chairmanship of the Pr. Accountant General/Accountant General. Other Accountants General in the states are ex-officio members of the Board. External members are nominated from amongst eminent academicians, professionals and retired Civil Servants. The 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. 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 2015-16, the Central PAC/COPU held 61 meetings and discussed 31 Paras/ Performance Audit Reviews as summarized below:

Name of Wing	No. of Meetings of PAC/COPU held during the year 2015-16	No. of Paras/ Performance Audit Reviews discussed during the year2015-16
Commercial	19	8
Defence & Communication	10	6
Railway	4	3
Report Central	17	8
Autonomous Bodies	4	3
CRA (INDT)	6	3
CRA (DT)	1	0
Total	**61**	**31**

The State PACs/COPU met on 832 occasions during the year 2015-16 and discussed 1,118 Paras/Performance Audit Reviews as summarized below:

Name of Wing	No. of Meetings of PAC/COPU held during the year 2015-16	No. of Paras/Performance Audit Reviews discussed during the year 2015-16
Central Region	167	255
Eastern Region	81	56
Northern Region	214	366
North Eastern Region	74	75
Western Region	203	246
Southern Region	93	120
Total	**832**	**1118**

V Interaction with academic and professional institutions

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

VI Interaction with Media

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

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

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

Chapter 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) and 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)

Involvement with INTOSAI

Our involvement with INTOSAI is at the following levels:

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

- A Forum for INTOSAI's Professional Pronouncements (FIPP) has been established by the INTOSAI Goal Chairs (i.e. PSC, CBC & KSC). The FIPP is chaired by Ms. K. Ganga, DAI (CRA) and has 15 other members from various SAIs.

- The Comptroller and Auditor General of India is also the chair of the INTOSAI Working Group on IT Audit (WGITA). The Group was created in 1989 to address SAI's interests in the area of IT Audit. WGITA aims to support SAIs in developing their knowledge and skills in the use and audit of information technology by providing information and facilities for exchange of experiences, and encouraging bilateral and regional cooperation. Presently, WGITA has 44 members and four observers.

- The Comptroller and Auditor General of India is member of various INTOSAI Committees/Subcommittees/Working Groups/Task Forces.

- In order to facilitate continuous interaction in the INTOSAI community, SAI India as KSC chair has developed an INTOSAI Community Portal (www.intosaicommunity.org) in collaboration with the INTOSAI Development Initiative, Norway (IDI). The portal was launched in November 2015. The portal has facilities like Community of Practice, Blogs, Chat Rooms, Library, Video Conferencing, Polls/survey, etc. to enable better communication and sharing of ideas amongst member SAIs during the time between the annual meetings of the INTOSAI Governing Board and the triennial Congresses. The INTOSAI Community Portal has replaced the online INTOSAI Collaboration Tool developed by SAI-India in 2005.There are at present seven Communities of Practice supported by the Portal.

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

CBC Meeting, Stockholm, Sweden, 8-10 September 2015

An annual meeting of the INTOSAI Capacity Building Committee was held at Stockholm, Sweden from 8-10 September 2015. The meeting was attended by Comptroller and Auditor General of India as KSC Chair along with Director General (IR) and Secretary to CAG. The Committee discussed various issues related to capacity development initiatives. Discussions were also held on two themes – regional professionalism and SAI capacity/relevance in Post 2015 Development Agenda perspective.

IDI Workshop on Learning Management System, 14-25 September 2015

The Office of the Comptroller and Auditor General of India hosted IDI's two week Workshop on Learning Management System (LMS) at International Centre for Information Systems & Audit, NOIDA, (iCISA) and at its office premises from 14-25 September, 2015 (second week). The purpose of the above workshop was to train staff of SAI-India in designing, developing and administering eLearning courses and to maintain LMS and to actually design and develop a pilot eLearning Course on ISSAIs. The workshop on Learning Management System at iCISA, Noida was attended by 43 participants from SAI-India whereas 9 participants out of this group attended the Pilot eLearning Programme on ISSAIs awareness at Headquarters Office.

7th KSC Steering Committee Meeting, Washington DC, 15-16 October 2015

The 7th KSC Steering Committee meeting was held at Washington DC on 15 and 16 October 2015. Mr. Shashi Kant Sharma, Comptroller and Auditor General of India and Chairman, KSC chaired the meeting. The meeting was attended by 21 participants. Several new items like INTOSAI KSC-IDI Community Portal; Auditing Preparedness for implementation of Sustainable Development Goals; Research Projects on topics of mutual interest; and Strategic Objectives and Goals of KSC relating to INTOSAI Strategic Plan 2017-2022 were discussed at the meeting.

7th KSC Steering Committee Meeting

67th INTOSAI Governing Board meeting, Abu Dhabi, 10-11 November 2015

The 67th INTOSAI Governing Board meeting was held at Abu Dhabi, United Arab Emirates on 10 and 11 November 2015. A total of 105 representatives from 34 different SAIs and countries participated in the above meeting. The future strategic orientation and governance of INTOSAI and the necessary amendment of the Statutes until the adoption of the new Strategic Plan 2017-2022, the future role of the INTOSAI Governing Board, the future of the INTOSAI standard setting and certification process and the preparations for the next INCOSAI in the United Arab Emirates in December 2016 were some of the core themes discussed on the occasion of this meeting.

SAI-India presented the report on INTOSAI Committee on Knowledge Sharing and Knowledge Services (KSC), INTOSAI Working Group on IT Audit (WGITA) and Online INTOSAI Collaboration Tool (ICT).

IDI Global Leadership Symposium, Shimla, 17-21 November 2015

SAI India hosted IDI's Global Symposium at NAAA, Shimla from 17-21 November, 2015. Mr. Shashi Kant Sharma, the Comptroller & Auditor General of India inaugurated the Symposium in which several heads of SAIs and participants from 21 countries including SAI India participated. The objective of the symposium was to bring together different SAIs on a platform to identify persons with leadership potential, who can be groomed through training, attachment and experience sharing.

CAG of India with Mr. Einar Gorrissen, DG IDI and Mr. L.V. Sudhir Kumar, DG NAAA

Meetings of the common forum of Technical Experts for INTOSAI's Framework of Professional Standards New York/Washington D.C., 6-11 December 2015 & Pretoria, 8-12 February 2016

A common forum of technical experts for INTOSAI's Framework of Professional Standards has been set up jointly by the Chairs of the INTOSAI Professional Standards Committee-Goal 1 (PSC), INTOSAI Capacity Building Committee-Goal 2 (CBC) and INTOSAI Knowledge Sharing Committee-Goal 3 (KSC). The KSC is chaired by the Comptroller and Auditor General of India whereas PSC and CBC are chaired by SAIs of Denmark and South Africa, respectively. The INTOSAI Goal Chairs had selected Ms. K. Ganga, DAI as Chairperson of the above common forum in addition to 15 members.

The first meeting of the common forum was held from 6-11 December 2015 at New York and Washington DC, USA. The meeting was attended by Ms. K. Ganga in her capacity as Chairperson. During the meeting, the forum had initial discussions on their task and interacted with other standard setting agencies and key stakeholders.

The 2nd meeting was held at Pretoria, South Africa on 8-12 February, 2016. The Common Forum discussed proposed standards framework in depth. A tentative framework on the basis of discussion was proposed, which formed the basis of the paper submitted by the Common Forum to the three Goal Chairs in the PSC meeting held in May 2016.

Planning Meeting of Capacity Development Programme on Auditing Implementation of SDGs, Vienna, 15-16 March 2016

The INTOSAI Committee on Knowledge Sharing and Knowledge Services (KSC) chaired by the Comptroller and Auditor General of India and the INTOSAI Development Initiative (IDI) are cooperating in designing and delivering a comprehensive capacity development programme on Auditing implementation of Sustainable Development Goals (SDGs).

Accordingly, a planning meeting was organised by the IDI at Vienna, Austria on 15 and 16 March 2016 to finalize the implementation strategy for the programme. The meeting was attended by representatives from INTOSAI General Secretariat, Capacity Building Committee (CBC), UN DESA, UN Women, European Court of Auditors, IDI, SAIs of Estonia, Indonesia, India, UAE and USA. During the planning meeting, it was decided that a Guide for the performance audit on preparedness will be prepared using a specific audit model. The Core team for developing the Guide will be from USA, UN DESA, India, Brazil, Indonesia, South Africa, UAE and IDI. The Review team could comprise Estonia, ECA, Netherlands, New Zealand, Malaysia, UN Women.

Financial Audit Sub Committee Meeting, Abu Dhabi, United Arab Emirates, 24-25 February 2016

A meeting of the INTOSAI Financial Audit Sub Committee (FAS) was held at Abu Dhabi, United Arab Emirates on the 24th and 25th February, 2016. SAI-India was represented by Ms. Tanuja S. Mittal, Principal Director of Commercial Audit. Delegates from 18 countries and from International Auditing and Assurance Standards Board (IAASB), AFROSAI-E, INTOSAI Development Initiative (IDI) and Performance Audit Subcommittee (PAS) participated in the meeting.

First in-person working level meeting of the Task Force on INTOSAI Statutes, Nanjing, China, 21-23 March 2016

The first in-person working level meeting of the Task Force on INTOSAI Statutes was attended by Ms. Atoorva Sinha, Director (International Relations) at Nanjing, China from 21 to 23 March, 2016. Matters relating to INTOSAI statutes were discussed in-depth in the meeting. The next round of discussion will be held at Washington DC on 21st July, 2016.

ASOSAI

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

The objectives of ASOSAI are:

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

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

As the editor of ASOSAI Journal of Government Audit, we publish the ASOSAI Journal twice a year. The material for the ASOSAI journal is contributed by member SAIs. The journal made a transition in 2015 and adopted a theme based approach. The journal was converted into an e-journal and the first issue (April 2016 issue) was uploaded on the theme of "Environmental Audit". The journal is hosted on the website www.asosaijournal.org.

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

ASOSAI Seminar on 'SAI Management', Noida, 7-11 December, 2015

SAI India hosted ASOSAI Seminar on 'SAI Management' at iCISA Noida from 7-11 December, 2015. ASOSAI organises a seminar every two years for its member SAIs to effectively deal with emerging issues and challenges. Ms. Ajanta Dayalan, Deputy Comptroller & Auditor General of India inaugurated the seminar. The seminar was attended by 31 participants and one observer from 28 SAIs.

The participants of ASOSAI Seminar on 'SAI Management' with Ms. Ajanta Dayalan, DAI and DG, iCISA

ASOSAI-sponsored workshop on "Assessment of Internal Control", Kuala Lumpur, 5-16 October 2015

An ASOSAI-sponsored workshop on "Assessment of Internal Control" was held in Kuala Lumpur, Malaysia from October 5 to 16, 2015. Five instructors from SAIs of Bangladesh, Bhutan, Malaysia and Philippines delivered the sessions of the workshop with the technical guidance of a Subject Matter Expert (SME) from SAI India, Mr. K. Srinivasan. Thirty four participants participated in the workshop, and exchanged their views and opinions on the workshop topic.

The 50th ASOSAI Governing Board Meeting, Chiang Mai, Thailand, 15-16 February 2016

Members of Governing Board and Audit Committee of ASOSAI

The 50th ASOSAI Governing Board Meeting (GBM) was held in Chiang Mai, Thailand, on 15-16 February, 2016. Sixty four delegates from Governing Board and Audit Committee member SAIs, Observers, and other invited organizations, including Canadian Comprehensive Audit Foundation (CCAF~FCVI Inc.) and UN Women participated in the meeting and discussed key agendas of the ASOSAI.

This GBM, hosted by the Office of the Auditor General of Thailand, accepted and approved the reports on the ASOSAI financial statement for FY 2015, formulation of the multi-year budget plan for 2017-2019, capacity development activities, and the publication of the ASOSAI Journal.

Along with the aforementioned regular agenda, the GBM also discussed the issues of working on draft annual operational plans for the implementation of the ASOSAI Strategic Plan for 2016-2021 and preparation of a regional report for the 22nd INCOSAI 2016.

The GBM also approved status of ex-officio membership to the editor of ASOSAI Journal, the SAI of India, to the extent of not taking up the existing share of elected members. The editor of ASOSAI Journal would be counted as the 12th GB member.

Further, Secretariat also made suggestions to improve the existing selection procedure for the Governing Board and the Audit Committee. The GB members also agreed to the suggestion of the EUROSAI to widen the participation scope in future ASOSAI-EUROSAI Joint Conferences to all members of both INTOSAI regional working groups. The 3rd ASOSAI-EUROSAI Joint Conference will be held in Kiev, Ukraine, in 2017.

The 51st GBM will be hosted by the Audit Board of the Republic of Indonesia on 13-14 February 2017, in Bali, Indonesia.

Bilateral Relations with other SAIs

Presently, we have MoUs with 15 Supreme Audit Institutions viz. Afghanistan, China, Bhutan, Brazil, Kuwait, Maldives, Mongolia, Oman, Poland, Venezuela, Russia, South Africa, Cambodia, Vietnam, Iran and Ukraine and Letter of Exchange with SAI Bangladesh for cooperation in the field of Revenue, Environment and IT audit. Regular bilateral exchanges like training programmes, secondments, workshops, etc. are held with SAIs of China, Kuwait and Poland. Important bilateral meetings organized by SAI India in India and partner SAIs in their countries are given below:

Visit of Auditor General of Bhutan, New Delhi, 18-27 September 2015

A four member delegation from Royal Audit Authority (RAA) Bhutan, headed by Dasho Tshering Kezang, Auditor General of Bhutan visited India from 18th to 27th September, 2015. Other members of delegation were Mr. Gyeltshen, Assistant Auditor General, Mr. Kelzang Namgyel, Assistant Auditor General and Mr. Cheki Dorji, Assistant Auditor General.

CAG of India with Dasho Tshering Kezang, Auditor General of Bhutan

During the visit, Auditor General of Bhutan met the Comptroller & Auditor General of India, Mr. Shashi Kant Sharma and discussed the capacity development programmes under the aegis of MoU between the SAIs of India and Bhutan. The delegation from SAI Bhutan also visited SAI India's International Centre for Information Systems and Audit (iCISA), NOIDA, International Centre for Environmental Audit and Sustainable Development (iCED), Jaipur and National Academy of Audit and Accounts (NAAA), Shimla.

22nd Indo-China Seminar, Wuhan, 21-25 September 2015

SAI China hosted 22nd Indo-China Seminar at Wuhan, China from 21-25 September, 2015 on **"Big Data Auditing"**. The Indian delegation was led by Ms. Ajanta Dayalan, Deputy Comptroller and Auditor General and Mr. V. Ravindran, Director General was a member of Indian delegation. Both sides, presented their papers on Big Data Auditing and discussed the importance of the Big Data Auditing and challenges for auditors in this respect.

7th Indo-Kuwait joint seminar, Mumbai, 27 September-1st October 2015

The seminar, on the theme 'Audit of Petroleum Sector', was attended by four delegates from State Audit Bureau of Kuwait, headed by Mr. Mohammed Al Dosari, Manager. The Indian delegation was headed by Dr. Prasenjit Mukherjee Deputy Comptroller and Auditor General.

Participants of 7th Indo-Kuwait joint seminar with Dr. P. Mukherjee, DAI

The two sides discussed various aspects such as petroleum operations and auditing petroleum sector and shared experience in this respect.

15th Indo-Polish Seminar, Kochi, 31 October-6 November 2015

SAI India hosted 15th Indo-Polish Seminar on the topic of 'Auditing in IT Environment' at Kochi from 31st October, 2015 to 6th November, 2015. Three members delegation from SAI Poland headed by Mr. Krzysztof Kwiatkowski President of Supreme Audit Office of Poland (NIK) participated in the Seminar. The Indian delegation was headed by Ms. Ajanta Dayalan, Deputy Comptroller & Auditor General.

As part of the programme, Mr. Krzysztof Kwiatkowsk along with his delegation also visited the Office of the C&AG of India on 4th November, 2015. On this occasion to reaffirm the assurance of continued mutual cooperation under the existing Memorandum of Understanding between the SAI of Poland and the Office of the Comptroller & Auditor General of India, a statement of commitment was signed by both the heads of SAIs.

CAG of India and Mr. Krzysztof Kwiatkowski President of SAI Poland signing Statement of Commitment

6th Indo-China Young Auditors' Forum, Jaipur, 30th Nov. - 11 December 2015

SAI India hosted 6th Indo-China Young Auditors' Forum from 30th November to 11 December, 2015 at Jaipur. Indo- China Young Auditors' Forum is organised every year alternatively in China and India under the aegis of the MoU signed between the two SAIs and the objective is to upgrade professional knowledge and skill among the young auditors of each side. The themes of the forum were (i) Audit of Infrastructure Projects and (ii) The Real Time Audit of Policy Implementation. Ten member delegation from China National Audit Office (CNAO) headed by Mr. Chang Li Dy. Auditor General participated in the forum. Ten member Indian delegation was headed by Ms. Priya Parikh (IA&AS).

Participants of 6th Indo-China Young Auditors' Forum with Ms. Ajanta Dayalan, DAI

Visit of President of European Court of Auditors (ECA), 6-11 February 2016

President of European Court of Auditors (ECA) Mr. Vitor Caldeira along with Mr. Geoffrey Simpson, Director of Presidency, ECA visited India from 6th to 11th February, 2016. The President of ECA met the Comptroller & Auditor General of India Mr. Shashi Kant Sharma to discuss the plans for the INTOSAI Knowledge Sharing Committee, and its relationship with PSC (which he will be co-chairing from 2016 INCOSAI) and the common forum. SAI India's approach to Big data and also the facilities and courses offered at the International Centre for Environment Audit and Sustainable Development, Jaipur (iCED) were also discussed in the meeting.

CAG of India with Mr. Vitor Caldeira, President of European Court of Auditors (ECA)

During the visit, the ECA delegation also visited India's International Centre for Environmental Audit and Sustainable Development (iCED), Jaipur and Office of Accountant General of Goa.

UN Agencies

CAG is a member of the UN Board of Auditors (Board) for the period July 2014 to June 2020. UK (Germany w.e.f July 2016) & Tanzania are the other members of the Board. As per the work allocation among the three members of the Board, India will be the lead auditor for audit of UN Secretariat [Volume I] and will also audit the following:

1. UNICEF (United Nations Children's Fund)
2. UNOPS (*United Nations Office for Project Services)*
3. UNJSPF (United Nations Joint Staff Pension Fund)
4. UNCC (*United Nations Compensation Commission)*
5. Escrow Account
6. UNFIP (*United Nations Fund for International Partnerships* (*UNFIP*)
7. ITC (*International Trade Centre), and*
8. 6 *UNPKO Missions*

With the completion of audit cycle of 2015-16, CAG completed his term as external auditor of World Food Programme (WFP), International Organization for Migration (IOM) and International Atomic Energy Agency (IAEA). Handing over formalities of WFP to SAI France and IOM to SAI Ghana have been completed.

Some of the recent major events involving active participation of SAI India are:

Meetings of the Panel of External Auditors and United Nations Board of Auditors Reporting, New York, 7-8 December 2015.

Mr. Shashi Kant Sharma, Comptroller & Auditor General of India, Mr. R.K. Ghose, Director of External Audit, Mr. K.S. Subramanian Director General (IR) and Mr. Anadi Misra Secretary to C&AG attended the meetings of Panel of External Auditors and United Nations Board of Auditors on 7-8 December, 2015 at New York. Mr. Stephen Hongray, Director of External Audit (WFP) also attended the meeting of Panel of External Auditors.

During the year ended December 2015, eight audit reports of the UN organisations under the audit portfolio of the Comptroller & Auditor General of India, were finalised.

During the period from August 2015 to December 2015, sixteen audit reports of various UN specialised agencies were conducted.

External Auditor Report of World Intellectual Property Organisation (WIPO) for 2014 was presented by Dr. Prasenjit Mukherjee, Deputy Comptroller & Auditor General in the meeting of the WIPO General Assembly held on 7 October 2015 in Geneva.

Annex I

Organizational Chart as on 31 March 2016

Comptroller and Auditor General of India

Secy-to-CAG

1.	***Deputy Comptroller & Auditor General*** (Administration & Staff)	**DG (SMU)**, **DG (PPG)**, **DG (Training)**, **DG (IR)**, **DG (HQ)**, **PD (Staff)**, **PD (PC)**, **PD (IS & IT)**, **PD (Exam)**, **PD (Rajbhasha)**, **Pr. Legal Advisor**, **Media Advisor**, **PD (P)**, **AC (N)**, **Director (P)**, **Director (IR)**, **Director (Works)**, **Dy. Director (DAC)**
2.	***Deputy Comptroller & Auditor General*** (Defence, Communication & Railways)	**PD (Defence & Communication)**, **PD (Railways)**, **PD (Railway Board Audit)**
3.	***Deputy Comptroller & Auditor General*** (Commercial & Chairperson Audit Board)	**DG (Commercial)**, **PD (Commercial)**
4.	***Deputy Comptroller & Auditor General*** (Report Central and Local bodies)	**DG (RC)**, **Statistical Advisor**, **Economic advisor**, **PD (RC)**, **PD (LB & AB)**
5.	***Deputy Comptroller & Auditor General*** (Government Accounts and Chairman GASAB)	**DG (GA)**, **PD (GA)**, **PD (UA)**, **PD (GASAB)-I)**, **PD (GASAB-II)**, **PD (GASAB-III)**
6.	***Deputy Comptroller & Auditor General*** (Central Revenue Audit)	**DG (DT)**, **PD (DT)**, **PD (CX)**, **PD (ST)**, **PD (Customs)**
7.	***Additional Deputy Comptroller & Auditor General*** (Eastern Region)	**DG (ER)**, **PD (ER)** **6 States: Andhra Pradesh, Telangana, Tamil Nadu & Pudducherry, Odisha & West Bengal**
8.	***Additional Deputy Comptroller & Auditor General*** (Central Region)	**PD (CR-I)**, **PD (CR-II)** **5 States: Uttar Pradesh, Bihar, Jharkhand Madhya Pradesh & Chhattisgarh**
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)**, **PD (NER)** **8 States: Arunachal Pradesh, Assam, Manipur, Meghalaya, Mizoram, Nagaland, Sikkim & Tripura**
11.	***Additional Deputy Comptroller & Auditor General*** (Northern Region)	**PD (NR-I)**, **PD (NR-II)** **6 States: Delhi, Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Punjab & Haryana**
12.	***Additional Deputy Comptroller & Auditor General*** (Southern Region)	**DG (SR)**, **PD (SR)** **2 States: Karnataka & Kerala**
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.	Director General 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.	Principal Director of Audit, Central, Kolkata
10.	Principal Director of Audit, Central, Lucknow
11.	Principal Director 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, New Delhi
6. Director General 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. Director General 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. Director General of Audit, Western Railway, Mumbai
16. Director General 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 *(closed in July 2016)*
5. Director of External Audit, New York (set up in June 2014)

II	Audit Offices-States
1.	Pr. Accountant General (G&SSA), Andhra Pradesh, Hyderabad
2.	Accountant General (E&RSA), Andhra Pradesh, Hyderabad
3.	Accountant General, Arunachal Pradesh, Itanagar
4.	Accountant General (Audit), Assam, Guwahati
5.	Accountant General (Audit), Bihar, Patna
6.	Accountant General (Audit), Chhattisgarh, Raipur
7.	Accountant General, Goa, Goa
8.	Accountant General (E&RSA), Gujarat, Ahmedabad
9.	Accountant General (G&SSA), Gujarat, Rajkot
10.	Pr. Accountant General (Audit), Haryana, Chandigarh
11.	Pr. Accountant General (Audit), Himachal Pradesh, Shimla
12.	Accountant General (Audit), Jammu & Kashmir, Srinagar
13.	Accountant General (Audit), Jharkhand, Ranchi
14.	Pr. Accountant General (G&SSA), Karnataka, Bengaluru
15.	Accountant General (E&RSA), Karnataka, Bengaluru
16.	Pr. Accountant General (G&SSA), Kerala, Thiruvananthapuram
17.	Pr. Accountant General (E&RSA), Kerala, Thiruvananthapuram
18.	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. Accountant General (Audit), Meghalaya, Shillong
25. 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. Pr. Accountant General (Audit), Punjab, Chandigarh
31. Pr. Accountant General (G&SSA), Rajasthan, Jaipur
32. Accountant General (E&RSA), Rajasthan, Jaipur
33. Accountant General (Audit), Sikkim, Gangtok
34. Pr. Accountant General (G&SSA), Tamil Nadu & Puducherry, Chennai
35. 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. 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. Accountant General (A&E), Haryana, Chandigarh
7. Accountant General (A&E), Himachal Pradesh, Shimla
8. Accountant General (A&E), Jammu & Kashmir, Srinagar
9. Pr. 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. Accountant General (A&E), Punjab, Chandigarh
21. Pr. Accountant General (A&E), Rajasthan, Jaipur
22. Dy. Accountant General (A&E), Sikkim, Gangtok
23. 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. 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.	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