

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

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Auditing e-procurement systems: A best IT auditing practice: CAG

E-procurement is a deterrent to collusion between officials and the suppliers, as a digital trail for every transaction is recorded. E-procurement has potential to eliminate avenues for corruption and rent-seeking in public procurement. This was stated by the Comptroller and Auditor General of India, Shri Girish Chandra Murmu, as the Chair of the INTOSAI Working Group on IT Audit (WGITA) here today. He was addressing the e-seminar of the INTOSAI Working Group on IT Audit on the topic “Auditing e-procurement systems”, hosted virtually by SAI India. He said e-procurement audit focuses on assessment of the fairness, cost efficiency, swiftness and transparency, the four main objectives of an e-procurement system.

Shri Murmu inform the participants that in India, e-Procurement by Government is identified as a Mission Mode Project under the National E-Governance Plan with the objective to transform Government /public sector purchase activity from labor-intensive paper based activity to an efficient e-procurement process. The two major public sector e-procurement platforms in India are the Government e-Procurement System of the National Informatics Centre (GePNIC) and the Government e-Market (GeM) portal. In order to ensure robust and secure e-procurement platforms, the Standardization, Testing and Quality Control (STQC) Directorate of the Ministry of Electronics and Information Technology (MEITY) has issued detailed “Guidelines for Compliance to Quality Requirements of e-procurement Systems”, and third party certification for compliance with these guidelines is mandated by the Ministry of Finance and the Central Vigilance Commission of the Government of India.

Shri Murmu said that SAI India has prioritized IT audit of e-Procurement platforms and systems for more than a decade. In the last 15 years, SAI India has audited many state-specific e-procurement systems. Recently, SAI India undertook an audit of the

Government e-Marketplace (GeM) portal. These IT audits have usually focused on crucial aspects such as management of platforms, user experience, privacy, safety features, and compliance with the quality requirements for e-procurement systems. The CAG disclosed that goods worth of 13 billion dollars were procured through the Government of India's e public procurement portal – the Government e-marketplace (GeM), in the last fiscal year. E-procurement has replaced paper tendering and manual procurement in government.

The C&AG further emphasized that auditors, as guardians of public accountability, need to acknowledge and absorb the changes brought in by massive digitalisation of government work and, accordingly, evolve and manifest dynamic guidelines and methodologies in audits. Audit is no more a year-on-year perspective, peeping through a tunnel, but is a process of looking at investments through binoculars into the future. Thus, SAIs need to build internal capacity for robust IT security audits to accurately identify lapses in cyber security of the governments' functionalities. SAIs need to have comprehensive knowledge about the latest technology and digital solutions.

Shri Murmu underscored the need for research activities by SAIs on themes such as, use of blockchain technologies for e-tendering and of big data algorithms for faster analysis of digital transactions and data from web platforms.

During the virtual seminar, Mr. László Domokos, President of the SAO Hungary, delivered a video-recorded address to the participants highlighting significance of auditing e-procurement system. Besides, SAIs of Oman, Indonesia, Egypt and India shared experience on e-procurement efforts and their audit in the respective countries. The e-seminar provided an opportunity for the member SAIs of WGITA to discuss policy-related matters, address queries and exchange knowledge on auditing e-procurement system.