

PRESS RELEASE

OFFICE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

NEW DELHI
17th NOVEMBER, 2022

AG's CONFERENCE ON THE THEME "SAI INDIA: CONTRIBUTING TO INDIA ONWARD AND AHEAD" CONCLUDES

The overarching theme of the two-day Accountants General Conference which concluded here [today](#) was - *SAI India: Contributing to India Onward and Ahead*. Disclosing this in his valedictory address, the Comptroller and Auditor General of India Shri G C Murmu said that the four themes on which the groups of IA&AS officers deliberated were, OIOS-towards transformation, Next steps towards strengthening Local Bodies Audit, Identifying Socially Relevant Audits and Reporting on Sustainability of state finances.

The CAG stated that its chief function is not only to examine facts and figures, and prepare quality audit reports, but also select relevant issues for auditing priority. 'We must ensure that the work of the Parliamentary Committees and our own audit reports are harmonised and synchronised to the fullest extent possible. This is of utmost importance to ensure effective Parliamentary oversight over the Executive' he added.

Shri Murmu said that Governments commit large-scale transformative interventions involving substantial public money in response to socio-economic demands of its constituents and it was becoming increasingly important to ensure that the benefits of these various public schemes and programmes actually reach the intended target groups and sectors. The CAG added that 'our performance audits provide useful inputs on the economy, efficiency and effectiveness of such interventions, which ultimately contributes to strengthening of legislative scrutiny'.

Talking about the themes of the conference the CAG stated that 15th Finance Commission has recommended a grant of Rs 4,36,361 crore to support various programmes of the duly constituted local governments for a five-year period between 2021 and 2026. Keeping in view of this huge public fund disbursement across the country, one of the theme of discussion dealt with strengthening the audits of local bodies. This is a significant step, as there is a need to assure that the grants are properly utilised and programmes and schemes are effectively implemented. Our audits of local bodies, therefore, need to verify whether the crucial fiscal steps, as recommended by the Commission, such as (i) setting up State Finance Commissions (ii) acting upon its recommendations (iii) presenting the action taken to the state legislatures concerned (iv) putting the accounts of local bodies in the public domain and (v) fixing minimum rates for property taxes, have been met. **Local government authorities** would also need to independently verify whether the grants provided for basic social services, such as sanitation and meeting the open defecation-free target, solid waste management, drinking water provisions, rainwater harvesting and water recycling, have been effectively used for the purposes, as recommended.

Shri Murmu said that ‘another theme of the conference dealt with identifying ‘socially relevant’ audits. The thrust of a large number of government interventions is for the social and economic uplift of the most deprived sections of our society. There is a pressing need to ensure the success of these programmes and to prioritise audit reviews, accordingly. This will help both the government, as well as, Parliament to identify areas of deficient performance and ensure that the executive thrust on remedying the identified deficiencies are tackled as early and as effectively as possible. The realm of governance is undergoing rapid and complex changes **today**. It has its own set of challenges. We see involvement of multiple actors in public service delivery and application of complex IT platforms to provide public policy solutions. It is inevitable that we too have to understand and assimilate these challenges, and evolve accordingly. We have already taken a few initiatives in this direction, by honing on our data

analytics skills and by designing special accounting models for proper utilisation of the country's natural resources'.

The next theme of this conference was on improving reporting on sustainability of state finances. The fiscal health of Indian states is a relevant issue that warrants careful assessment. In our State Finance Audit Reports, we have been consistently highlighting risk factors that impact state finances, such as increasing committed expenditures, rising outstanding public debts and liabilities, low mobilisation of own resources comprising revenue from tax and non-tax sources and high arrears in revenue collection. Negative trends in various deficit parameters under the Fiscal Responsibility & Budget Management Act, non-achievement of Medium Term Fiscal Plan Targets are among the other concerns. Shri Murmu further added that the Reserve Bank of India and the 15th Finance Commission have also taken note of the potential sources of fiscal risks for Indian states, including declining own tax revenue, relaunching of old pension schemes in some states, rising dues of loss-making power distribution companies, and the periodic disbursement of farm-loan waivers and subsidies.

Highlighting on some other issues the CAG pointed out that 'there is an urgent need to balance systemic oversight with micro-level oversight, in order to arrive at a satisfactory balance between overall assessment of executive interventions at the system level and deterrence from deviant executive action at the micro-level'.

Shri Murmu underlined the second issue which is ensuring unhindered access to all records including electronic records required for audit to ensure Parliamentary scrutiny through CAG's oversight. Underscoring its importance the CAG stated that 'in the ongoing era of e-governance, wherein large sets of data are being digitalised. Concerns, if any, in regard to privacy and data security, can undoubtedly be met by working out suitable modalities. We also need to actively work with the concerned departments to sort out any obstructions in accessing records in a time-bound manner, so that the Parliamentary mandate of scrutinising Executive action is not affected in any manner'.

Shri Murmu pointed out that the third issue is ‘the need to continuously adopt international best practices in our auditing process and enhance our professional competence, while maintaining the inherent strength of the audit practices that we have assiduously developed and incorporated in our audit methodologies over the years’.

Talking about the fourth issue the CAG stated that ‘although there is no doubt that public financial management has become complex at all levels, prudent management is vital to ensure sustainability that public resources are utilised efficiently in a time bound manner and maximum value for money is available to the public exchequer. The timely feedback received through the well-defined audit process provides useful feedback. The relationship between the Executive and Audit, therefore, has to be a constructive one’.

Concluding his address Shri Murmu said that the sharing of ideas and experiences during the two-days would add value for streamlining the existing audit processes and methodologies, and thereby, improve governance of this country.