Opening Remarks by Shri Girish Chandra Murmu, CAG of India and Chair, INTOSAI WGITA at the Virtual WGITA Seminar on "Auditing e-procurement systems."

Good Morning! Good Afternoon! Good Evening!

It gives me immense pleasure to welcome you all to this virtual seminar on auditing e-procurement systems.

I convey my gratitude to Mr. László Domokos, President of the State Audit Office of Hungary, who is present with us today to grace the occasion.

Relevance of e-procurement:

13 billion dollars!!! Yes, that was the worth of goods procured through the Government of India's e-public procurement portal – the Government e-marketplace (GeM), in the last fiscal year. The way Amazon has replaced conventional shopping across the globe, e–procurement has replaced paper tendering and manual procurement in government.

And we as auditors, as guardians of public accountability, need to acknowledge, absorb these changes and evolve and manifest dynamic guidelines and methodologies in our audits. Hallmark of e – procurement audit should focus on fairness, cost efficiency,

swiftness and transparency, the benefits that e–procurement promises in the first place.

Effectiveness of e-procurement:

Any audit that has a myopic approach which sets its sight only or mainly on the initial investments for IT platforms, which will be no doubt huge, will lose sight of the long term gains in terms of cost efficiency. In India, the central public procurement portal hosts tender enquiries for all central government ministries and bodies. As 'economies of scale' kick in, such platforms lead to massive savings in transaction costs and person-hours spent on procurement. Thus, audits can no more be on a year-on-year perspective, peeping through a tunnel. Instead they demand from us the ability to look at investments through binoculars into the future; even as we exercise professional scepticism to examine if the claims made on savings are predicated on sound footing.

Benefits of e-procurement aren't limited to just monetary savings, but also prevent time overrun and acquisition of products service for public benefit on time.

The e-procurement portals provide a democratic opportunity to both big and small. Big muscles of global conglomerates competing with the sinews of a small vendor. And as the playing field gets flatter, the consumer, in this case government

departments, reaps the benefits in terms of cost savings. For instance, prices on the Government of India's e-procurement portal were almost 9.5% lower than private online platforms. You can well imagine the public resources saved with annual procurement of more than 13 billion dollars.

The best portals are those that make a user empowered. SAIs should incorporate in their audits, assessment of user experience including most importantly, any asymmetry in access to information on portals.

Challenges to e-procurement:

There is no doubt that e-procurement has potential to eliminate avenues for corruption and rent-seeking in public procurement./ E-procurement with its promise of transparency, is also a deterrent to collusion between officials and the suppliers as a digital trail for every transaction is recorded. However, SAIs need to remain vigilant as discretion in many steps in the procurement process continue, leaving scope for unfair practices. It is imperative as auditors to examine the propriety, authority and transparency related to entire process of floating procurement tenders are invariably based on procurement policies, manuals on which such procurement has been uploaded in e-procurement portal also.

More importantly, cyber security threats can derail and delegitimize the entire process. For instance, an interested party could manipulate the whole bidding process for a contract if it manages to break the IT security and encryption features. Security and honesty are complementary. Unless we make our digital platforms secure, we cannot eliminate corruption from procurement. SAIs need to build internal capacity for robust IT security audits and accurately identify lapses in cyber security that governments can resolve. I am glad to note that even the draft GUID 5280 – Guidance for Audits of Public Procurement, highlights security challenges as a crucial concern.

Way Forward:

Being one step ahead requires SAIs to have comprehensive knowledge about the latest technology and digital solutions. Therefore, I urge SAIs to support research activities on themes such as, but not limited to, use of blockchain technologies for e-tendering and of big data algorithms for faster analysis of digital transactions and data from web platforms.

I am proud to share 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, we undertook an audit of the Government e-Marketplace 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.

I am thankful to Mr. László Domokos, President of the State Audit Office of Hungary who would deliver a video-recorded address in this virtual seminar. Also, in this seminar, there will be presentations by four SAIs –Indonesia, Oman, Egypt and India, on e-procurement efforts in their respective countries. This meeting is a great opportunity to discuss policy-related matters, address queries and exchange knowledge between the SAIs participating in the seminar. Once again, I would like to express my gratitude for your continued co-operation.

I look forward to your active participation and support in this seminar and other activities of WGITA.

Thank you.