

Opening Remarks of the Comptroller and Auditor General of India at the 6th SCO SAI Leaders meeting on 6th February, 2023 at Lucknow.

Hon'ble Governor of Uttar Pradesh, Mrs. Anandiben Patel

Ms. Natalya Godunova, Chairperson of the Supreme Audit Chamber of the Republic of Kazakhstan,

Mr. ZHANG Ke, Deputy Auditor General of the National Audit Office of the People's Republic of China,

Mr. Almazbek Akmatov Sharshembievich, Chairman of the Chamber of Accounts of the Kyrgyz Republic,

Mr. Syed Sajjad Hyder, Additional Auditor General of the Islamic Republic of Pakistan,

Mr. Timur Makhmutov, Director of the Department for International and Regional Cooperation of the Chamber of Accounts of the Russian Federation,

Mr. Chillazoda Karakhon, Chairman of the Chamber of Accounts of the Republic of Tajikistan

Mr. Turabov Bakhodir Tukhtamishovich, Chairman of the Chamber of Accounts of the Republic of Uzbekistan and

Mr. Nuran Niyazaliev, Deputy Secretary General, SCO Secretariat

Esteemed Colleagues, Ladies and Gentlemen

Namaste, Good Morning and a very warm welcome to the 6th SCO SAI Leaders' meeting.

1. Hon'ble Governor, it is indeed an honour and privilege for all of us to welcome you as the Chief Guest at the inaugural session of the 6th SCO SAI Leader's meeting, and we eagerly look forward to your address.

Excellencies,

2. At the outset allow me to briefly introduce our Chief Guest Mrs. Anandiben Patel, the Hon'ble Governor of Uttar Pradesh. Mrs. Anandiben Patel has a long illustrious career of service to the people as a teacher and as a politician and has served as member of Rajya Sabha from 1994 to 1998, as Cabinet Minister in Gujarat and has served as the first women Chief Minister of Gujarat from 2014 to 2016. She has also served as the Governor of Chhattisgarh and Madhya Pradesh. During her tenure as Chief Minister, she launched several schemes for the welfare of the people like Maa Vatsalya scheme for medical treatment to the poor, Yuva Swavlamban scheme for higher education for poor students, free cancer tests and treatment for all women; and implemented various development projects in the field of irrigation, transport, town-planning etc. She has been awarded numerous honours and awards including Best Teacher award by President of India and Gallantry award by Gujarat Government for saving two girl students from drowning, apart from other honours for her contributions to the field of education and politics.

Hon'ble Governor,

3. As you are kindly aware that Shanghai Cooperation Organization (SCO) is an eight-member multilateral organization, established on 15 June 2001 in Shanghai, China by the leaders of China, Kazakhstan, Kyrgyzstan, Russia, Tajikistan and Uzbekistan when the Declaration of Shanghai Cooperation Organization, was signed. In June 2002 the heads of the SCO Member States signed the SCO Charter which expounded on the organization's purposes, principles, structures and forms of operation, and established it in international law. At the July 2005 Astana Summit, India was granted Observer status. On 9 June 2017, at the historic summit in Astana, India officially joined SCO as full- member.

Excellencies

4. India shares time-honoured historical and cultural ties with the SCO region. This vast land of diverse people and landscapes have hugely contributed to the progress of mankind. The network of routes that crisscrossed the terrain was not only vital for exchange of goods and trade, but also served as an important link for transmitting ideas and fostering intellectual pursuits like science

and art. India's membership into SCO in 2017 therefore reaffirms its age-old connection with the region.

Excellencies

5. You would agree that Supreme Audit Institutions (SAIs) play a critical role in promoting good governance and accountability in government. As independent bodies responsible for auditing government finances and operations to ensure that public funds are being used efficiently, effectively and in compliance with laws and regulations. SAIs provide valuable insights to national governments by identifying areas of improvement, highlighting inefficiencies, and identifying potential areas of fraud or corruption.

6. To take forward our common responsibilities, and after five successful meetings, we have gathered to deliberate and take forward the agenda of 'Integrating Emerging technologies in Audit' with the themes 'Artificial Intelligence' and 'Cyber Security'.

Excellencies,

7. As you are perspicacious, Artificial Intelligence (AI) refers to the simulation of human intelligence in machines that are programmed to think and learn like humans. AI is a broad field that encompasses many different techniques and approaches, including machine learning, natural language processing, computer vision, and expert systems. These techniques are used to build intelligent systems that can perform a wide range of tasks,

from simple to complex, such as recognizing speech, identifying objects, making predictions, and playing games.

Excellencies,

8. Technology in general and Artificial Intelligence in particular are impacting each and every aspect of our lives. Technology has the capacity to address the world's thorniest challenges – climate, poverty, food, fuel, health and safety. Governments around the world are using AI in a variety of areas, including healthcare, transportation, crime and security, innovations in agriculture, provision of government services as well as environment conservation efforts. AI can aid government agencies, including SAIs, in automating tasks, analyzing data, improving efficiency, not only in reducing costs, and providing more effective services but also in predictive analytics, automation of routine tasks, smart cities, public safety, fraud detection and prevention, citizen services, and healthcare.

Excellencies,

9. India is rapidly rising as a technology powerhouse, as the Information Technology sector and the Digital Economy are key drivers of the country's economy, contributing over 13% to its GDP. India's technology industry reached an all-time high in growth, reaching \$227 billion in revenue in financial year 2022, an increase from \$200 billion the previous year. The country's IT spending is estimated to rise by 7% to \$101.8 billion in 2022-23.

With the second largest telecommunications sector in the world, boasting 130 million internet and about 1.2 billion mobile users. At the same time, fairly good number of users have experienced malware or other attacks. This is particularly dangerous as trillions of online transactions are carried out while billions of dollars are invested every year online. These challenges are to be faced not only by policy makers, executives implementing programme and project, but SAIs also have an important role to play as they evaluate the policy of risk mitigation measures. It makes imperative to share experiences on usage of emerging technologies like AI and cybersecurity challenges.

10. I am happy to share that SAI India is utilizing Artificial Intelligence techniques to gain insights from the data collected from the audited entities. The risk areas or areas of interest identified through the application of AI techniques are used to identify audit objectives and develop Audit Design Matrix during the Audit Planning stage. This allows for a more targeted and efficient approach to the audit process.

11. In addition to this, SAI India is also using AI techniques to identify a specific and focused set of sample units for in-person audit. This allows for the collection of corroborative evidence in support of potential deviations identified from the data. The organization is also working towards receiving data periodically from audited entities and incorporating feedback from substantive

checks to improve the model. This allows for the incorporation of new data sources and further training and refining of the AI model.

12. Consequently, SAI India sees the use of AI not as a one-off process for a specific audit assignment, but as building an evolving AI model for quicker and more detailed analysis during both the Audit Planning and Execution stages. This allows for a more efficient and effective approach to the audit process and can improve the overall quality of the audit.

Excellencies,

13. With any new technology, there are debates echoing utopian dreams as well as dystopian nightmares. The use of AI by government also raises ethical and governance concerns, including issues related to data privacy and security. The need for unbiased AI must also be addressed.

Excellencies,

14. The digitization of government operations and adoption of advanced/emerging technologies has brought its own challenges and responsibilities and protecting against AI powered advanced malwares. As such, over and above, the practice of protecting systems, networks, etc. involving the use of various existing technologies, processes, and practices against conventional cyber-security threat, AI is being used in cyber-security as well for

offensive and defensive roles as there are threats from AI powered advanced polymorphic malware/trojan possessing the capacity to change their behaviour and bypass security defences.

15. Cybercrime has become a major economic threat, costing the global economy an estimated over \$6 trillion annually which is projected to reach nearly \$10 trillion by 2025. Cyber criminals have a history of embracing cutting-edge technologies, and AI is no exception. There are reports of AI-powered malware being developed to even evade two factor authorisations like One time Passwords (OTP), security software and spam filters. AI algorithms are being used to guess passwords and analyze social media profiles. Cybercriminals are now using AI to create convincing fake images, audio, and video to deceive their targets. These malicious AI applications make it easier for criminals to gather information, trick people, and steal sensitive information, thereby increasing the need for robust cybersecurity measures. Thus, one of the main challenges is the constant evolution of cyber threats. Which makes it difficult for governments to keep up with the latest risks and vulnerabilities.

Additionally, governments often have limited resources to devote to cybersecurity, which can further hinder their ability to protect their systems and networks. Another challenge that governments face is the presence of legacy systems. Many government systems and networks are based on older technology, which may not be able

to withstand modern cyber threats. Upgrading these systems can be costly and time-consuming, which makes it difficult for governments to keep their systems secure. Governments also need to balance the need to protect sensitive information with the need to collaborate with private sector partners to improve cybersecurity.

16. Lastly, cybersecurity threats often do not respect national boundaries, so international cooperation is vital to protecting against them. Governments must work together with SAIs to share information and best practices, and to coordinate efforts to combat cyber threats.

Excellencies,

17. I look forward to engaging and fruitful discussions on the use of Artificial Intelligence by governments and public sector undertakings for promoting good governance, catalysing social and economic development and to provide the required oversight and underline the need for equipping Supreme Audit Institutions in use of pioneering technologies for efficient and effective audits. I am of the firm view that the adoption of Information Technology in the public sector has brought the concerns related to cybersecurity, to the forefront and it is thus becoming imperative of SAIs to develop adequate capacity to audit cybersecurity issues.

18. Once again, a hearty welcome to all. I wish you all a very memorable stay in Lucknow. I now request Hon'ble Governor of Uttar Pradesh, Mrs. Anandiben Patel to deliver her opening remarks and declare the meeting open.

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