

Audit institutions play an enabling role in ushering in good governance: President

President Pranab Mukherjee, who inaugurated the 27th conference of Accountants General here on Monday, said audit institutions play an enabling role in ushering in good governance in democratic functioning.

"Good governance is the exercise of power, within the framework of the Constitution, for efficient and effective management of our economic and social resources for the well-being of the vast multitude of the people, through the institutions of state. But it has to be nurtured," he said.

President Mukherjee said the accountability of public functionaries is an integral part of any good governance framework, more so in a democratic polity.

"Accountability of public servants extends to maintenance of probity in official dealings, compliance with legal obligations and commitment to efficient delivery of public service. In recent years, there has been a global surge in demand for accountability of those entrusted with governance," said President Mukherjee.

"In a parliamentary democracy like ours, the executive is held accountable to the Legislature. The reports of the CAG submitted to the Legislature play a seminal role in the enforcement of accountability," he added.

President Mukherjee said the audits by the Indian Audit and Accounts Department under the CAG cover the three tiers of government and other instrumentalities of the state.

"The CAG is also the only supreme audit institution with an accounting mandate as well. The Constitution has placed this institution at a vantage point providing it with insight into performance of different agencies engaged in financial administration of our country," he added.

President Mukherjee said the broad audit mandate provides the CAG access to programme and project implementation at national and sub-national levels.

"You scrutinize the allocation and flow of public funds between different implementing authorities. Thereafter, you evaluate and report on their prompt and effective utilization, disseminate good practices and stimulate course correction through identification of bottlenecks. The perspective available to you by virtue of auditing multiple governance entities provides valuable inputs for promotion of good governance in the country," he added.

Asserting that audit is a means to an end rather than an end in itself, President Mukherjee said: "While audit findings are a barometer of good governance, their utility is manifested only when all the stakeholders, particularly the Executive, Legislature and citizens believe in the credibility of these findings and use them for enhancing the quality of governance. This casts a great

responsibility on the public auditor to conduct audit professionally with utmost diligence and independence, and to report in a fair and balanced manner."

"Both the public auditor and the audited entity have to recognize that the objective of audit is ultimately to improve the implementation of governance strategies. Towards this end, audit should be considered a tool for improvement," he added.

President Mukherjee further said accountability of the Executive stems from the requirement of rendering of an account to the Legislature that authorized it to tax and expend.

"Here I would like to mention that more time needs to be devoted in Parliament for detailed scrutiny of financial proposals and financial matters. The Audit report is a valuable input for the authorities empowered to hold a public functionary to account, in making judgments on their level of performance and recommending improvements," President Mukherjee said.

" In India, this responsibility is vested with the Public Accounts Committee and Committee on Public Undertakings that act on behalf of the Legislature. Effective functioning of these legislative committees, and close association between them and the audit authorities are a blueprint of audit effectiveness, and through it, of governance practices," he added.

President Mukherjee further said the frontiers of public audit have been the subject of public debate and litigation in our country recently.

"Judicial verdicts have underscored the paramount role of our audit institution in ensuring parliamentary accountability in use of public resources by any entity, whether in the public or private domain. The right of CAG to carry out performance audits of government entities and to verify underlying transactions of even private concerns to provide assurance about the State receiving its legitimate share of revenues arising out of the use of public resources is now well established," President Mukherjee said.

"This paradigm shift in your audit mandate encourages development of appropriate policies and procedures to govern your audit process. It calls for substantial capacity development in your Department. I hope that the recommendations of the Conference on the sub-themes 'Emerging areas of audit' and 'Capacity building in Indian Audit and Accounts Department' will address these concerns," he added.

President Mukherjee said that as 'Digital India' becomes the backbone of government functioning, it calls for transformation in the traditional methods of audit.

"The leverage that e-governance can provide for improving efficiency, cost and coverage of audit have to be utilized well by revisiting your standard operating procedures," he added.

President Mukherjee said there is scope to improve services without compromising on due diligence in States where the CAG has an accounting role.

"You must proactively engage with the States in their programmes for modernization of government accounts and financial management systems. Partnerships already initiated by you have to continue to make accounting an effective tool for accountability," he added.

President Mukherjee said the time-bound delivery of goods and services by public functionaries is the right of citizens.

"It is not a bounty from the state. Many states have legislated for prompt delivery of public services. The institution of CAG can facilitate successful implementation of this legal right by reporting through its compliance audits the achievement of these performance standards by public authorities," he added.

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