
CHAPTER 12

Supreme Audit Institutions



Introduction

Why are SAIs so important?

Supreme Audit Institutions (SAIs) are the chief auditors of the government and play a pivotal role in ensuring transparency and accountability. The independence and operating capacity of SAIs are important foundations for providing fiscal oversight through presenting credible and timely audit results to legislatures, government, civil society, and the general public. The primary purpose of an SAI is to report on the management of public funds and the quality and credibility of governments' reported financial data. Its recommendations can help strengthen institutions. With adequate independence and capacity, SAIs can contribute to combating corruption both through directly reporting on transactions and internal controls, and by assessing ways to improve the accountability and performance of government agencies and anti-corruption bodies. They can also contribute through undertaking "performance audits" of government or quasi-government entities. The International Organization of Supreme Audit Institutions (INTOSAI) has issued ISSAIs, the international standards of SAIs for the delivery of effective audit reports. SAIs are not primarily responsible for tackling corruption and fraud. However, given the nature of the work performed by SAIs, including checking government accounts, reviewing regulatory compliance, and assessing the performance of government institutions, SAIs are capable of contributing to the anti-corruption agenda.

SAIs play a unique role in detecting and preventing corruption, when they have the mandate, tools and trust of the government to take on the fight against corruption.¹ SAIs' audit mandate generally is broad enough to cover the entire public sector and flexible enough to examine government activities at any level. This could range from individual financial transactions, specific business practices, such as procurement, to a comprehensive corruption prevention system of an entity or whole-of-government. SAIs at the minimum have financial, compliance, and performance audits in their tool list, which enables them to evaluate the legality, integrity, efficiency, and effectiveness of government operations. Last but not least, SAIs are one of the most trustworthy institutions, which helps them

open up the audit process for active citizen engagement as a part of their anti-corruption mechanisms such as hotline and fraud net.

The central role of SAIs in combating corruption is that of prevention through the promotion of sound financial management and robust internal control mechanisms in public entities. Sound financial management, with effective financial reporting and disclosure of any deviations, is an effective deterrent to fraudulent and corrupt activities. SAIs can help public bodies strengthen their corruption prevention framework (or build a more comprehensive framework) by assessing the efficiency and effectiveness of the framework and recommending the relevant authority to address the shortcomings identified during the audit.² SAIs contribute to building public awareness of corruption and financial impropriety through timely and periodic public disclosure of audit findings. SAIs may strengthen other pillars of the national integrity system through close collaboration and coordination with other institutions in the public sector.

SAIs are expected to raise red flags that would deter and detect fraud and corruption and assist law enforcement agencies to bring perpetrators to justice. Prevention, detection and response activities are interdependent and mutually reinforcing to some extent. Early detection is a powerful prevention method that sends a clear message to the potential perpetrators. Detection is also useful to assess the appropriateness of preventive measures. SAIs may use detected fraud or corruption cases for publicity, to attract the attention of parliament, citizens and media, and put additional pressure on government to fix the problems effectively. Surprise audits that may be conducted for detection, act as a good deterrent. Some SAIs have institutionalized the detection function by setting up a designated unit and developing forensic and investigative audit guidelines and manuals. In order to vitalize the forensic audit function, SAIs may also require a firm statutory position, strong leadership, an integrity-first organizational culture, audit staff with relevant capacity, access to data and information, and collaboration with key stakeholders.

How can SAIs strengthen their effectiveness?

Detecting fraud and corruption requires proper guidance and training for auditors.³ Detecting corruption is neither easy nor straightforward, since it is fundamentally a crime of deception and deceit. Fraudsters use all sorts of deception techniques to conceal illegal acts. Auditors may also interfere inadvertently with potential future legal proceedings or investigations. Training on forensic or fraud audits helps auditors to be better prepared to detect irregularities and collaborate with the law enforcement agencies. The more auditors know about what perpetrators are likely to do, the better are their chances of finding the red flags associated with potential fraud and corruption. With good understanding on fraud and corruption schemes and professional skepticism, auditors can distinguish anomalies or potential red flags from regularity.

To be more effective, SAIs need to strengthen their relationship with parliaments and anti-corruption agencies. Strong external relations and partnerships is one of the key indicators to evaluate the effectiveness of an SAI. In fragile situations where state building or rebuilding is in progress, SAIs are confronted with many difficult challenges in building such partnerships.⁴ In the context of weak parliamentary oversight and lack of a proper feedback mechanism of audit results into the budget-setting process, parliamentarians do not take the audit findings or budget settlement process seriously. In such an environment, it is important to raise awareness on the role of SAIs and the value of audit findings through briefings for new and relevant members of parliament. This can be enhanced by ensuring that audit reports are user friendly and easily understood. SAIs can help build the capacity of members of parliament and their staff through, for example, joint study visits and exposure to advanced countries where SAIs and parliaments work together effectively. Similarly, when the rule of law is weak, suspected fraud or corruption cases transmitted by the SAI are not pursued by law enforcement agencies. SAIs could establish formal collaboration agreements with law enforcement agencies, where the scope of collaboration extends to information sharing, joint conferences and workshops to share knowledge and experiences, referred case follow-up, staff exchanges and joint agenda setting.

In an environment where corruption is widespread, establishing the integrity of SAIs can be a challenge.⁵ As SAIs move closer to the frontline of fighting corruption, the temptations and risks to the auditors will grow, as will stakeholders' expectations on the SAI's integrity. Top management of the SAI must lead by example in maintaining high integrity and establishing zero tolerance regarding staff violations, failing which they will not be able to administer or propagate an organizational culture of integrity. Another potential challenge that SAIs face is the modality to reconcile the individual case-based approach of detection (i.e., forensic audits) and the system-based approach of prevention (i.e., traditional audits).⁶

Different external audit systems, Westminster⁷, Judicial or Board model, have their strengths and weaknesses that may have implications for their effectiveness in combating corruption. These three models can be distinguished, at least theoretically, in terms of centralization or decentralization of authority, susceptibility to political influence, openness and transparency, and ability to enforce audit findings.⁸ The distinguishing aspects—leadership, independence, accountability, and effectiveness—are all recognized as the fundamental principles of public auditing. Rapid convergence among the different types of SAI models has taken place since the introduction of 'The International Standards of Supreme Audit Institutions' (ISSAIs).

While the effectiveness of an SAI largely depends on its operational and financial independence, it is also influenced by the external audit model they follow, the country context, and the associated norms of behavior. The two case studies discussed below demonstrate the effectiveness of the SAIs in two different contexts. The case study of SAI Ghana is an interesting example of an overlapping or hybrid model of a Westminster type SAI equipped with sanction powers. Other Westminster type SAIs have established forensic audit functions, though the Westminster model is known to focus more on the supporting role of SAIs, targeting prevention of corruption rather than detection or sanction. The second case study on India, also a Westminster model, demonstrates the key role played by the Comptroller and Auditor General (CAG) in unearthing major inappropriate financial transactions costing the government huge sums of money.

Case study 1: Role played by Ghana's Supreme Audit Institution

Corruption perception has been a long-standing concern in Ghana. For instance, the Governance and Corruption Survey conducted by the Ghana Centre for Democracy and Development (CDD Ghana) in 2000 found that 75% of the Ghanaian households surveyed regarded corruption as a serious national problem; 59% of households saw corruption as a major problem in the private sector; and 86% saw it as a major problem in the public sector. A later survey in 2005 conducted by the Ghana Integrity Initiative (GII) also indicated that Ghanaians perceived corruption as equally serious, with 92.5% of urban households in Southern Ghana citing corruption as prevalent in the country while 90% of those surveyed considered it a serious problem.

Whilst some efforts have been made to address corruption, independent assessors find that the country has made little progress, as measured by global rankings in recent years. Amidst a growing perception of corruption amongst public officials, the public has become increasingly cynical about the government's commitment and ability to effectively tackle corruption. In 2015, Ghana ranked 56th in the world on Transparency International's Corruption Perception Index (TI-CPI) but slipped quickly over the years to 80th place in 2019. Ghana's position in the World Governance Indicator's Control of Corruption measure has improved from 53rd place in 2015 to 49th place in 2017, before regressing to 53rd place in 2018. Corruption is perceived to exist in all branches of the Ghanaian Government and has been a highly politicized issue since the country's transition to a multi-party democracy in 1992. In 2017, the new government undertook several measures, introducing electronic services and digitization to reduce the human interface in the delivery of several public services, including the issuance of electronic passports.

Ghana has several institutions to fight corruption, but they are fragmented and face persistent implementation challenges. Besides the traditional law enforcement agencies such as the Ghana Police Service (GPS), the Bureau of National Investigations (BNI) and the courts, the other institutions established to curb corruption in Ghana are the Commission on Human Rights and Administrative Justice (CHRAJ),

the Economic and Organized Crime Office (EOCO), and the Financial Intelligence Centre (FIC). However, many of these bodies struggle with issues that limit their ability to effectively perform their duties, such as a severe lack of resources.⁹ For example, the CHRAJ, despite being the leading anti-corruption institution in Ghana, does not have the power to prosecute, nor the required budget autonomy. Both the CHRAJ and EOCO have been reported to face interference from the executive, due to the structure of their boards and the appointment of directors and commissioners. Similarly, in his various writings and a public lecture given at the University of New York in January 2019, Mr Whittal, a Commissioner at CHRAJ, has consistently proposed the need to remove the appointment procedures from the executive: "the time has come to amend the laws on the appointment of the heads of state anti-corruption institutions—EOCO, CHRAJ and including the Financial Intelligence Centre (FIC)—to wean them off excess control by the executive." As a result, perceived public confidence in the mandated constitutional bodies against anti-corruption has been fast eroding.

The National Anti-Corruption Action Plan (NACAP) reflected an awareness by the government of the main drivers of corruption. In 2014, the Government launched the 10-year NACAP, which acknowledged and listed the various drivers of corruption in Ghana, including institutional weaknesses, low salaries, a skewed incentive structure, and insufficient enforcement of laws within the patrimonial social and political context. In addition, the document described the reasons for the failure of past efforts to curb the drivers of corruption and specified new measures to tackle the issues in a more holistic and coordinated manner. The accompanying foreword to the Ghana National Anti-Corruption Action Plan (NACAP) (2012-2021) acknowledges that the absence of the Ghana Audit Service (GAS) in developing the plan was a missed opportunity that the country could have pursued to better understand some of the core drivers of corruption in the country.

Similar to other SAIs globally, GAS has a mandate to promote and uphold financial integrity, but its impact had been limited. The GAS derives its

mandate from Ghana's Constitution. Articles 184, 187 and 286 of the 1992 Constitution established a broad mandate covering the activities for the Auditor General (AG), including to (i) audit the public accounts of Ghana and any other public office, (ii) take into custody the asset declarations of persons who hold public offices, (iii) determine and approve the form or manner in which public accounts are kept, (iv) submit audit reports, draw attention to irregularities, and make appropriate recommendations on the Ghanaian public accounts and the Central Bank's statement of foreign exchange receipts and payments, and lastly (v) the AG may disallow any item of expenditure contrary to the law and impose a surcharge on the person responsible. While this entailed powerful and far-reaching authority for the AG, it was a common view that implementation of these powers was weak, and that audit reports produced by the GAS were reduced to mere "journalistic reports of events"¹⁰ with little real impact.

Since the appointment of a new AG in December 2016, GAS's core financial oversight role has gained renewed prominence, which has in turn enhanced its contribution to anti-corruption efforts. Several key undertakings have contributed to GAS's impact on financial integrity:

- **Judicious use of disallowance and surcharge powers**

In 2017, the Supreme Court ruled that the AG be required to exercise its powers of disallowance and surcharge to commence the recovery of public funds that have been found to be illegally spent or lost through negligence or misconduct.¹¹ These powers enable the AG to disallow any unlawful expenditure and impose a surcharge on the person(s) responsible. Anyone aggrieved by a disallowance or a surcharge can appeal to the High Court as provided for by Article 187(9) of the Constitution within 14 working days of the surcharge. To facilitate the process, particular courts were identified and assigned by the Chief Justice to hear these appeals.

The refusal of previous AGs to exercise the disallowance and surcharge powers had resulted in a loss of almost GHS2.5 billion worth of public funds through ministries, departments, and agencies (MDAs) alone from 2003 to 2014, and GHS5 billion through public boards, corporations, and other statutory institutions between 2009 and 2014. The new AG established a special task force to review

all previous Audit Reports to reveal instances where the powers of disallowance and surcharge may be applied to recover lost public funds. Between June 2017 and November 2018, the GAS issued 112 surcharge certificates and returned a total amount of GHS67.3 million (USD12.2 million) back to government coffers. This achievement inspired other African SAIs to pass similar legislation on disallowances and surcharges. In 2019, the GAS stopped publishing special reports on disallowance and surcharge activity, and instead incorporated it in their usual audit reports to Parliament as a step towards establishing it as a fixed and regular part of the audit process.

- **Audit of persistent arrears**

Ghana's persistent fiscal slippages were mainly driven by weaknesses in the public financial management (PFM) commitment control systems. In 2017, the AG worked closely with the World Bank and the IMF to undertake an audit of government payment arrears that had accumulated over the period 2013–2016. The audit was to: (1) verify the types and amounts of arrears accumulated; (2) identify the root causes for the arrears; (3) limit the future accumulation of arrears; and (4) develop a coherent strategy for managing and clearing the existing stock of arrears. As part of the audit, all MDAs were required to submit their outstanding liabilities to GAS for validation, which was tediously undertaken by examining and cross-checking the supporting warrants, contract documents, invoices, procurement records, and other documentation. Bank statements of the respective MDAs were also checked to ensure that the liabilities were not already settled. In prior years, such arrears were commonly settled and paid for without verification.

The outcome of the audit revealed several corrupt practices and led to the recovery of substantial sums of money, strengthening of commitment controls and prosecution of offenders. The total outstanding commitments submitted by the MDAs for verification of arrears amounted to GHS11.3 billion (USD2 billion), 51% of which were rejected by GAS as invalid arrears due to fraudulent reasons, such as double or triple payments to contractors for the same services rendered. The audit also revealed weak control mechanisms and poor record-keeping practices by the MDAs that facilitated corrupt activity. Internal auditors at the MDAs reported abuse and silencing through

threats, transfers, or invitations to participate in corrupt schemes. The findings of the report were subsequently shared with Parliament and civil service organizations (CSOs). Any payment of invalid arrears thereafter would lead to a surcharge against the person who authorized, made, or received the payment.

- **Audit of ghost workers in the public sector**

In the past two decades, Ghana's macro-economic instability has persistently been driven by two main drivers: the level of debt and the size of the wage bill. With the support of the World Bank-financed Public Financial Management Reform project, the AG partnered with the Special Prosecutor, the Ghana Police, CSOs, other anti-corruption bodies and heads of MDAs to undertake a government-wide verification of genuine government employees. The aim of this was to eliminate ghost workers who artificially inflated the payroll and allowed corrupt officials to steal the surplus. Employees in all the institutions were asked to produce authentic individual employment documents, following which the list of genuine government employees was matched against the payroll list kept by the Controller and Accountant General. In January 2020, GAS reported that the audit found 10,689 ghost workers on the public sector payroll. A final invitation was issued to these employees to verify themselves, and a failure to do so within the stipulated timeframe would result in their being disallowed from remaining on the payroll, and a surcharge on the salaries paid to these ghost workers would be imposed on the heads of the MDAs involved.

- **Certification of Public Financial Management Systems**

In Ghana, the AG is responsible for certifying the PFM systems that are used by the government. Once a system is developed and its objectives are articulated, it is subject to review by GAS to ensure that the internal control arrangements in place are strong and that the system will not allow the enabling of corruptive breaches. One of the key aspects that is reviewed by the AG is the extent to which there is an appropriate segregation of duties to prevent collusive practices, which have been known to underpin corruption in Ghana.

- **Undertaking of special audits**

The AG embarked on several special audits on

selected state institutions in 2018. One such example was an investigation of the Ghana Broadcasting Corporation (GBC), where it was revealed that the corporation had under-stated revenue realized for the 2014 World Cup by GHS3.5 million (USD626,273). The management was advised to update the financial statements accordingly to account for the disparity, a failure to do so would result in the officers responsible bearing a surcharge of the amount in question.

The leadership of the AG himself has also been an important contributor to GAS's impact, as he championed initiatives beyond the usual activity of GAS. The AG's firm and untiring anti-corruption stance has led GAS to undertake interests that spill over into what a robust anti-corruption agency might pursue in other countries:

- **Being a voice of reason in safeguarding the public purse**

As a result of his public crusade and determined actions against corrupt officials, the AG has emerged as a strong figure in Ghana's anti-corruption war. In various speeches, and through joint platforms with CSOs, he has been instrumental in sensitizing the public on the dangers of corruption and urging the media and the public to expose corrupt public officials, prompt investigations, reinforce the works of anti-corruption bodies and put pressure on the government to change laws and legislation that create enabling platforms for corruption in the country. He has also consistently advocated for effective collaboration between GAS, the public, the private sector, and CSOs in fighting corruption. The public has been responsive to his call, and over time they have become instrumental in providing important pieces of information that have assisted in GAS's audits and investigations. In 2019, the AG was voted Integrity Personality of the year at the Ghana Integrity Awards, owing to his strong stance against corruption.

- **Partnering with CSOs**

The AG has often partnered with CSOs to name and shame corrupt officials and institutions based on the findings of his annual and special audits, and lobby for changes in laws and legislation that facilitate corruption. This has generated deterrent mechanisms that were not present before he took office.

- **Using the Right to Information Law**

In May 2019, Ghana's President signed the Right to Information (RTI) Act into law, implementing the public's constitutional right to information held by any public institution and fostering a culture of transparency and accountability in government. Even though the RTI is provided for in the 1992 Constitution, the country struggled for years to pass the relevant law. The AG partnered with CSOs to lobby for the passing of the law and has been vocal in supporting the use of it for CSOs, the public and media in providing GAS with crucial and relevant information to investigate and prosecute corrupt officials.

- **Pushing for transparent asset disclosure**

The AG has been critical of the weak enforcement and flaws of the asset disclosure system in Ghana. As per the current laws, asset declarations by public officials are sealed in an envelope and marked secret, only to be opened in the event of a corruption investigation or if ordered by the court. The AG has deemed this to be ineffective and urged public officials to declare their assets publicly. Working with the Special Prosecutor, he has also demanded that the provisions of Article 286 of the Constitution and Public Office Holders (Declaration of Assets and Disqualification) Act 1998 (Act 550) be observed. This requires all qualifying public officers to submit written declarations of all assets owned within three months after taking office and at the end of four years. Unlike in previous years, the AG has partnered with CSOs to name and shame officials that have not yet met this requirement. One such example was the refusal to confirm the appointment of the new Chief Justice in 2019 until she had shown evidence of having declared her assets over the previous four years.

Factors behind GAS's impact

SAls are not always able to play an effective role in promoting financial integrity. In Ghana, its impact has been aided by several factors:

1. **Financial and administrative autonomy:** GAS's financial and administrative independence has been instrumental in allowing it to maintain impartiality, counter corruption effectively, and fulfil its mandate. While most public bodies

in Ghana are subject to the supervision of the Ministry of Finance, GAS maintains its operational control, with minimal external interference in decision making or the appointment or removal of staff. In addition, the Parliament is accustomed to providing GAS with the financial resources it requires yearly, as stipulated in the annual budget GAS submits.

2. **Personal conviction and knowledge of the AG:**

Besides a strong mandate, the AG's personal convictions and deep-rooted knowledge of the legal and constitutional authority of the office have enabled GAS to be effective in the fight against corruption.

3. **Provision of quality reports that are accessible to the public:**

Audit reports are made publicly available to increase the transparency and accountability of public institutions.

4. **A direct reporting relationship to Parliament:**

GAS reports directly to Parliament, although it has a Board whose role is merely advisory on key policy matters. The Audit Service Board according to article 189 is responsible for employing staff (except AG) for the audit service and determining their conditions of service. The Public Accounts Committee has at certain times exerted pressure on audited bodies to comply with GAS's recommendations.

5. **An effective arrangement with the Internal Audit Agency:**

GAS works very closely with the Internal Audit Agency using ISSAI 9150 and has established a memorandum of understanding to ensure there is an appropriate exchange of information on corruptive practices.

6. **Continued capacity building:**

For example, GAS has undergone the World Bank Integrity Vice Presidency's preventive and forensic training on matters of evidence and follow-through on corruption leads.

GAS's achievements in recent years owe partly to the strong leadership and conviction of the current AG, posing a risk for the sustainability of GAS's momentum and impact on the anti-corruption war in the future. A change in AG may jeopardize the current traction that the GAS has in curbing corrupt practices and bringing offenders to

justice. Nonetheless, the progress achieved and public support garnered in recent years are likely to create the necessary pressure, as well as enabling environment,

for future AGs and GAS to continue the fight against corruption.

Case study 2: The role of the Supreme Audit Institution in India

In India, the Office of the Comptroller & Auditor General (CAG) is the SAI responsible for ensuring accountability and oversight of government functionaries and programs. The CAG is mandated by the Constitution to audit the accounts of the Union Government and of all the State Governments of India, including institutions substantially financed by the Government of India. The CAG is also mandated to prescribe the accounting format and standards that public institutions must adhere to. Employing more than 45,000 employees across 141 field offices,¹² the CAG mainly undertakes three types of audits: (i) Financial audits that ascertain if financial statements are properly prepared and present financial information fairly; (ii) Compliance audits that examine if the applicable laws, rules or regulations are complied with; and (iii) Performance audits that are independent assessments of the extent to which a public institution operates economically, efficiently and effectively, and fulfills the objectives that it set for itself. All of the CAG's audit reports are laid before the Parliament and Legislatures of the States.¹³

Over the years, the CAG has strengthened its audit capacities and shifted its emphasis to risk-based performance audits. The CAG's staff has undergone continuous training to better conduct and report audits, as well as conform to national auditing standards and international best practices. This capacity building was partly supported by the World Bank. In 2007, the CAG's office also shifted its focus to conduct more performance audits that promote economical, effective and efficient governance. As practiced in more advanced SAIs globally, the CAG also started undertaking more risk-based audits, detecting and prioritizing high-risk and high-value areas where efforts can be concentrated to draw maximum impact.

Beginning in 2008, the CAG undertook several high-profile performance audits that generated public awareness and helped transform the role

of the audit in strengthening accountability, transparency and governance across the public sector. Some of these performance audits caught the public and media's attention because they exposed misallocations of public assets at undervalued prices. The public discourse and investigations triggered by these findings resulted in policy reforms and the removal of several government officials that were involved in the alleged corruption. While critical audit findings have not always led to prosecution of the accused individuals, they have contributed to a higher risk of detection for those contemplating corrupt acts. The investigations undertaken by the CAG gained traction with the public and made a significant impact in the fight against corruption in India as a result.

Performance audits by CAG

Telecom licenses. In 2008, the CAG undertook a performance audit of the issuance of telecom licenses and award of spectrum. The performance audit report revealed gaps in policy implementation, and an estimated loss of public funds based on deviation from prescribed rules. CAG's report tabled in the Parliament exposed corruption amounting to several billion dollars to the public exchequer, something that attracted the attention of the media and civil society. In 2012, the Supreme Court of India ruled that the 2G spectrum allocation in 2008 was "unconstitutional and arbitrary" and cancelled 122 licenses and spectrum allocated to eight companies.

Coal blocks. In 2012-13, the CAG published a performance audit report that revealed the inefficient allocation of coal blocks to private and public sector enterprises between 2004 and 2009. The report¹⁴ highlighted the delay in the introduction of competitive bidding for the allocation of coal blocks for captive mining, despite making the decision to operationalize competitive bidding since 2006. In the final report

submitted to Parliament, the CAG reported “an estimated USD26 billion in financial gains made by private coal block allottees, part of which could have accrued to the exchequer if the competitive bidding process had been implemented.”¹⁵ The CAG report notes “this allocation lacks transparency and objectivity.”¹⁶ The CAG’s findings led to investigations surrounding the issues of nepotism and collusion in the allocation of national resources. The issue, popularly referred to as “Coalgate” by the media, eventually led to investigations by the Central Bureau of Investigation against the public officials involved as well as the firms allotted the coal blocks. The CAG report also resulted in the formation of an Inter-Ministerial Group to deliberate the forfeiture of coal blocks that were not developed on time. The Inter-Ministerial Group eventually recommended the deallocation of 13 blocks and the forfeiture of bank guarantees for 14 allottees.¹⁷ The Parliamentary Standing Committee also reported the allocation of all coal blocks between 1993 and 2008 as unlawful, and the Supreme court eventually cancelled a total of 214 coal blocks that were awarded improperly during this time.¹⁸ Dismissing a public interest litigation that challenged the CAG’s power to conduct performance audits, the Supreme Court of India further ruled that “the CAG’s work to investigate into austerity, efficiency, and effectiveness by which the government has used its resources is embedded in the 1971 Act. Performance Audit Reports prepared under the Regulations should be viewed accordingly. The Court did not see any unconstitutionality in the regulations.”¹⁹

Commonwealth Games. The CAG also undertook two performance audits²⁰ pertaining to the Commonwealth Games XIX (CWG), held in New Delhi, India in October 2010. In 2003, the right to host the CWG-2010 was awarded to Delhi on the guarantee of the Government of India, in conjunction with the Government of the National Capital Territory of Delhi, to bear the expenditures of hosting the games. The Indian government laid out substantive plans to upgrade infrastructural facilities within the city in preparation for the games. The objective of the CAG’s performance audits post-completion of the games in 2011 was to assess the (i) adequacy and effectiveness of budgeting and financial management, and (ii) effectiveness and efficiency of agencies in planning and executing the infrastructure projects for the event.²¹ The performance audit found incidences of improper planning, procurement, and contract management that drove up the cost of the games. The CAG report states: “In the

absence of a single point of authority and accountability and the lack of a clear governance structure, a multiplicity of co-ordination committees were created, disbanded, and reconstituted at different points of time. This approach was not methodical, consistent and effective, and also led to complete diffusion of accountability. The argument of urgency was used to obviate the regular process of tendering for award of contracts. We found numerous instances of single tendering, award on “nomination basis”, award of contracts to ineligible vendors, inconsistent use of restrictive Pre-Qualification (PQ) conditions to limit competition to favour particular vendors, inadequate time for bidding, cancellation, and re-tendering of contracts, and inexplicable delays in contract finalization, all of which seriously compromised transparency and economy.”²²

All of the above examples of performance audits raised the profile and relevance of the CAG and created awareness amongst the public on the role of the SAI as a primary catalyst for improved governance, accountability and public service delivery in India. The audits by the CAG thus became an important instrument to expose alleged corruption, nepotism, and abuse of power in the public sector.

In addition to the disclosure of audit findings, several other factors have aided the CAG’s effectiveness in fighting corruption in the past decade. Since 2008 it has undertaken a number of actions that have improved the scope and usefulness of its outputs, enhanced its credibility and renewed public confidence in the CAG to expose and combat corruption. These were:

- **Continuous institutional capacity building.** The CAG has worked continuously to strengthen its audit capabilities, thereby improving the visibility and credibility of its audit reports. In addition to staff training, the CAG modernized and upgraded audit software and infrastructure for both the CAG’s office and its state branches. In 2008, the CAG froze new recruitments in the clerical cadre and focused hiring at the assistant audit officer level, ensuring that recruits had the required qualifications such as a commerce or accounting background, to undertake more complex risk-based audits. As a result of these efforts, the CAG’s reports came to be perceived as credible and reliable source materials for use not only by the public and media, but also by legislative committees, courts, investigative agencies and international organizations. On the

international front, the CAG became a member the United Nations Board of Auditors in 2014, serves in the Committee of the International Organization of Supreme Audit Institutions (INTOSAI), and also assists in the capacity building of SAIs in other countries in the region.²³

- **Production of more user-friendly, timely and impactful audit reports.** Prior to this, the CAG's audit reports left little impact on Parliament, the media or the general public, as each report typically took 2 to 3 years to publish and was usually long and difficult to read. However, the CAG worked to produce shorter and punchier 10- to 20-page audit reports, and significantly shortened the time taken to publish a report to 8 to 9 months. The previous time lag made it difficult to hold public attention, thus lessening the impact of the audits undertaken. The quicker publication not only mitigated this, but also ensured accountability as concerned public officials still held their posts within the shorter time frame, and faults in government programs could be quickly resolved.
- **Maintained independence and integrity.** CAG's independent position as a constitutional authority continues to provide grounds for the criminal investigations and court cases from its reports. The CAG's office can disseminate reports to the media regularly and is a powerful force for accountability and transparency in India.
- **Strong leadership and determination of the CAG.** Besides having an adequate legal mandate, CAG's leadership has enabled the office of the CAG to be very effective in the fight against corruption and rejuvenated the public image of the office and its work. All three of the audits described above, alongside several other audits that gained prominence, were undertaken underpinned by strong leadership.
- **Increased engagement with the public.** The CAG's office increased its outreach to the public and other stakeholders to seek inputs and determine the scope of audits. For example, prior to conducting a social audit on water pollution, a two-day conference involving civil society experts, government agencies, and international and regulatory bodies, was organized by the CAG in March 2010 to exchange knowledge and share concerns regarding the issue. Following the

conference, the CAG's office sought feedback from the public on the water pollution problems they faced through various means, including an advertisement in the newspapers. The office received more than 700 letters and e-mails, which it used to frame the objectives and questionnaires for the audit. The CAG also started teaming up with social action groups, tapping into their knowledge and expertise on issues of public concern.

The CAG serves as an example of how SAIs can become more effective and successful in exposing and preventing corruption, by prioritizing high-impact audits, continually strengthening capacity and improving citizen engagement. The efficacy of the CAG's office in stirring public interest and in initiating corrective measures through its audits was enhanced following a range of reforms made within the office since 2008. Strong leadership of the CAG had also facilitated these reforms and pushed through the release of impartial, but often uncomfortable audit findings to the public and media. A combination of these factors has enabled the CAG's office to properly conduct independent and critical evaluations of the performance of high-value government projects, as well as provide critical insights for further investigations by other law enforcement and anti-corruption agencies, and for the implementation of corrective and preventive measures to avoid reoccurrence of any wrongdoing or inefficiency. Like many public sector institutions, the CAG's office also needs to continuously invest in improving its capacity, both human resources and systems. Through these ongoing improvements, this office continues to command the respect of the public and is a huge deterrence against corruption and rent seeking behaviors. It has a number of international affiliations and memberships, and the CAG of India has been elected as Chair of the UN Panel of external auditors for the year 2020.

Notes

1. The Congress of the International Organization of Supreme Audit Institutions (INTOSAI), held in 1998 in Montevideo, Uruguay, discussed and delivered concrete recommendations for SAls to make an effective contribution to the fight against corruption. See also U4. 2018. "The Role of Supreme Audit Institutions in Fighting Corruption" for a more detailed overview.
2. ISSAI 5700 "Guideline for the Audit of Corruption Prevention". <https://www.issai.org/pronouncements/guid-5270-guideline-for-the-audit-of-corruption-prevention/>.
3. According to the survey conducted in 2010 by INTOSAI Working Group on Fight Against Corruption and Money Laundering (WGFACML), only one-third of SAls (18 out of 54) responded positively on the questions of availability of audit staff and training program specialized in audits related to corruption or money laundering. See <http://wgfacml.asa.gov.eg/>.
4. INTOSAI. CBC Workstream in support of Auditing in Complex and Challenging Contexts (ACCC). <https://www.intosaicbc.org/accc/>.
5. INTOSAI provides IntoSAINT, a tool to assess the vulnerabilities and the maturity of the integrity controls of SAls and to strengthen integrity in SAls. See <https://www.intosaicbc.org/intosaint/>
6. INTOSAI Working Group on Values and Benefits of SAI (WGVBS) plans to develop a guide on potential risks and challenges by incorporating the investigative powers among their functions. See <http://www.wgvbs.org.mx/wp-content/uploads/2018/10/01-SAls-investigative-powers-14mar19.pdf>.
7. A model where the work of the SAI is intrinsically linked to the system of parliamentary accountability.
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