

## 1<sup>st</sup> BRICS SAIs leaders Meeting: Beijing 24<sup>th</sup> June 2016

### Keynote Address by CAG of India

Mr. Liu Jiayi, Auditor General of People's Republic of China

Mr. Kimi Makwetu, Auditor-General of South Africa

Mr. Aroldo Cedraz, President, Federal Court of Accounts of Brazil,

Ms. Tatyana Golikova, Chairperson, Accounts Chamber of the Russian Federation

Your Excellencies

Distinguished members from Embassies

Colleagues from BRICS SAIs

Ladies and Gentlemen,

Good Morning.

It's my privilege to be here, in the beautiful city of Beijing, for this historic first meeting of BRICS SAI Leaders. I would like to congratulate Mr. Liu Jiayi and CNAO for the wonderful initiative in organizing this meeting. The timing for this meeting could not have been better. Today, more than ever, the world needs enhanced cooperation between BRICS countries- the five big emerging economies, which comprise 43% of world population, 37% of world GDP and 17% share in world trade. As a formal group, BRICS may have started recently but the relations between our countries – whether for trade or culture, have been centuries old. We may be meeting formally under the aegis of this group for the first time, but the BRICS SAIs have a long history of mutual friendship,

cooperation and support on various forums. For instance, we have MOUs with each of the other BRICS SAIs. If I put it simply, we are old friends meeting under a new pretext.

For SAI India, this meeting assumes greater significance as India has recently assumed Chairmanship of the BRICS. The theme of India's BRICS Chairmanship is **Building Responsive, Inclusive and Collective Solutions**. During India's BRICS Chairmanship, India will adopt five-pronged approach:

(i) **Institution building** to further deepen, sustain and institutionalize BRICS cooperation; (ii) **Implementation of the decisions** from previous Summits; (iii) **Integrating** the existing cooperation mechanisms;(iv) **Innovation**, i.e., new cooperation mechanisms on government-to-government, Track-II, business-to-business and people-to-people to tap the full potential of BRICS cooperation; and (v) **Continuity**, i.e., continuation of mutually agreed existing BRICS cooperation mechanisms.

Supreme Audit Institutions will have a major role to play to further the BRICS theme. When our countries move towards greater trade cooperation through further addition to the financial architecture within the BRICS framework and carry the New Development Bank (NDB) agenda forward, SAIs cannot remain aloof to the idea. We, the SAIs of BRICS countries, need a collective voice, an integrated approach and renewed cooperation and support to further this agenda.

On International forums, BRICS SAIs have assumed leadership roles which have already resulted in close cooperation amongst them. For example, in INTOSAI we are a forceful voice. China is the current INTOSAI Chair, India and South Africa are the Goal Chairs of KSC and CBC respectively, Brazil is the

incoming Chair of PSC and Russia will be the next INTOSAI Vice Chair. Perhaps there could not be a more opportune moment to convene the first BRICS SAI Leaders meeting. I am confident that this meeting will usher much closer interaction and cooperation among the BRICS SAIs and further strengthen their role in the international audit community.

Closer interaction among the BRICS SAIs will also enable SAIs to learn from each other's strengths. South Africa is one of the few SAIs that examines the Performance Report of the audited agencies and reports on their performance reporting. It is a step towards greater transparency and good governance. SAI Russia leads the Working Group on Key National indicators, which has assumed an added importance with the implementation of SDGs. SAI China's work in real time auditing of infrastructure projects is highly inspiring and so is their multi phased Golden Audit project, which is perhaps a unique project in the field of IT audit. SAI Brazil, as the Chair of Performance Audit Sub-Committee, contributed in a big way to the streamlining of performance auditing standards and guidelines and is acknowledged as an expert in this audit stream. In India, we have taken several initiatives towards use of latest data analytical tools for audit planning & analysis. We are also fine tuning our methodology for audit of environmental issue for better impact. These initiatives have shown promising results.

Demands for greater objectivity in public dealings and transparency in governance, need for substantial investments in upgrading infrastructure, widening income disparities, need to reach out to the most vulnerable sections of the society, unique challenges posed by diversity in the form of multi-ethnic/multi-religious groups, the necessity to strike a fine balance between economic growth and prosperity of today and the interests of future

generations, achieving regional balance in development are some of the common challenges confronting our countries. Our Governments have taken several initiatives to address these challenges by automating service delivery, choosing partners in development through Public Private Partnership arrangements, opening up economy for foreign direct investments and by focusing on sustainable development. These government initiatives bring in new challenges to the SAI auditors.

In this background, now I propose to share with this august gathering the contributions made by SAI India in the last several years in enhancing transparency and accountability in governance and in promoting economic and social development.

The Government of India has adopted a strategy of allowing the private sector to play a dominant role in economic activity and to confine itself to licensing and regulating role. As a result, action was initiated by Government to allocate the right to the private sector to use resources like telecommunication spectrum, the rights for oil exploration and to mine coal etc. for a license fee or for a share in revenue/profit. Our audits of the resource allocation had highlighted several process weaknesses. Corrective action initiated by the Government has led to greater transparency in resource allocation and also enabled Government to mobilize more revenue in the nature of license fees/ share in revenue etc.

Tremendous progress has been achieved in India in the last two decades in devolving powers to the third tier of Government – the local bodies. Devolution of power demands a concomitant accountability mechanism. Accordingly, most of the States have entrusted the CAG with the task of

providing technical guidance, supervision and support for the audit of urban and rural local bodies. However, given the vastness of the country, the CAG will not be able to devote resources to perform a regular and comprehensive audit at the third tier of Government as done in the case of national and state governments. We decided that accountability at local bodies could be strengthened and sustained by empowering the local people to audit. Accordingly, working closely with the Government and other stakeholders, we have held national workshops on social audit, successfully developed a framework for social audit and also facilitated such audits. It is to the credit of these initiatives, social audit is increasingly becoming a part of all social programme guidelines.

Big strides have been made by Government in automating services rendered by it and in collecting, compiling and reporting data on its programme interventions. This has led to a digital data explosion and opened up an opportunity to the SAIs, which would be one of the few agencies to have access to such vast data held by different government agencies. In the past, SAI auditors were content to analyze the data maintained by the audit agencies. “Big data” has provided a window to the SAI auditors to examine the audited agency data along with related data from other sources. Recognizing this trend, we have formulated a Big Data Management Policy and are in the process of establishing a Data Analytics Centre. Our pilot results on using sophisticated data and visual analytic tools have already produced promising results. I am convinced that use of improved data analytics will enable the SAIs to come up with more incisive audit findings and to assist the Governments in taking appropriate policy decisions.

Rapid economic development cannot be achieved at the expense of environment degradation or by compromising the interests of future generations. Pollution of rivers and water bodies, carbon emission, management of various forms of waste and natural disasters caused by climate change have attracted the attention of policy makers across the globe. The adoption of Sustainable Development Goals (SDGs) for the period 2015-2030 marks a watershed in the transition towards comprehensive and well-rounded development where focus is on the entire gamut of development action. The SDGs are ambitious as there are 17 Goals and 169 indicators against which the progress made by the countries is to be measured. Unlike the Millennium Development Goals, the SDG provides for a robust monitoring mechanism. The SAIs have a key role to play in the implementation of SDGs. Besides, carrying out performance audits of various SDG themes, the SAIs could render valuable service by examining the mechanisms in the country to collect, compile, analyze and report on the progress made against the 169 indicators.

Recognizing the importance of SDGs, the KSC under the chairmanship of SAI India has formulated a comprehensive programme on auditing SDGs. The programme involves formulating Guidelines for Auditing Preparedness for Implementing the SDGs; a cooperative audit programme covering 40 SAIs based on the Guidelines; and publishing compendium of audit findings and lessons learned from the cooperative audit. We are confident that this programme, in cooperation with INTOSAI Development Initiative (IDI) will empower the SAIs to play a decisive role in auditing implementation of SDGs and eventually to the successful implementation of SDGs in their respective jurisdictions.

I notice tremendous focus in our countries on infrastructure development projects. From highways to power projects under Partnership arrangements and from extractive industries to telecommunication networks, our countries are moving ahead in pursuit of better infrastructure. These projects are resource intensive involving millions and even billions of dollars of investment for long duration during their development phase. As auditors, it is our solemn duty to provide assurance to our citizens that these huge investments are well spent. It is my privilege to inform you that some of our recent audit reports on construction of new airports, national highway projects, railway projects, seaport infrastructure and inland waterways have garnered significant media and public attention.

The increased emphasis on accountability, transparency and governance have brought SAIs to the public limelight and attracted greater attention of media, non-government agencies and other stakeholders. It is an encouraging trend that our reports nowadays form a part of media debates and even referred at social media platforms. These are healthy signs for a democracy where citizens take interest in public accountability. No discussion on ensuring accountability in governance through the work of SAI can be completed without a focus on public interest. To facilitate these discussions and debates, the SAIs reports should be simple, clear, timely and easily accessible. We have recently formulated guidelines for making digest and podcast of our audit reports to be made available in our website in addition to the full audit report. We believe this would stimulate further interest in our reports among the stakeholders.

In addition to sharing our audit findings with our stakeholders, we also involve them in the audit process. Audit Advisory Boards consisting of experts

from different walks of life are functioning centrally and in all the provinces. These Advisory Boards provide valuable inputs in formulating our audit plans and in identifying focus areas. Further, in few of our important performance audits (e.g. on water pollution, renewable energy), stakeholders conferences were held wherein inputs of civil society were obtained.

Any institution, if it has to remain relevant, has to keep itself abreast with the changes happening around. This requirement has assumed even greater prominence in the fast and every changing world of today. SAIs cannot afford to remain immune to their changing work environment and need to invest significant resources to upgrade the skills and competencies of its technical staff to cope with the latest developments. Accordingly, we have built large infrastructure for capacity development in the form of 12 Regional Training Institutes and Centres, National Academy of Audit and Accounts, two international Training Centres specializing in Information Technology Audit and Environment Audit, wherein our employees as well as representatives of other SAIs undergo induction, career development and specialized training courses. I am personally convinced that the heavy investments made by us on capacity development has produced more than commensurate benefits and enabled us to conduct high quality audits.

As the Supreme Audit Institutions are knowledge driven organizations, there has been tremendous focus in the international public sector audit fraternity to improve the technical skills of the auditors. Good progress has been made in the last decade to enhance the professionalism of SAIs - a framework for public sector auditors with standards and guidelines has been developed; several working groups/task forces and sub-committees have been created on specialized streams of public sector audit; and numerous capacity



development programmes have been conducted to improve the knowledge and skills of auditors.

However, attention is being given only now to improve the managerial/leadership capabilities of SAIs. The focus on SAI leadership will be more pronounced in the ensuing years as there is a strong expectation from the stakeholders that SAIs will lead by example and function as effective, accountable and inclusive organizations as required under Goal 16 of the 2030 Agenda for Sustainable Development formulated by the UN. The SAI Young Leaders Programme is a timely initiative, which will help in identifying and grooming Young Leaders who can lead SAIs in the future. We hosted the inaugural symposium on SAI Leaders last year in collaboration with IDI wherein a framework for developing SAI Leaders was deliberated. It gives me great pride to inform you that we have been successfully implementing our own Leadership Programme for six decades wherein 20-25 young auditors undergo two years induction training programme.

Given the common challenges that the BRICS countries and SAIs face and the vast opportunity that exists for learning from one another, I am sure that many more avenues of mutual cooperation, collaboration and support among BRICS SAIs will emerge as we move ahead in our interactions. According to an Indian adage, many ordinary blades of grass, when joined together can make a powerful rope. So, will several small initiatives of mutual interaction and cooperation amongst us eventually result in building up a strong network. I call upon you to join hands to build a synergy that will help us and our countries to move towards enhanced accountability and transparency and sustained development. We could begin by strengthening mechanisms for capacity development and knowledge sharing among the BRICS SAIs.

Let me end by once again applauding Mr. Liu Jiayi and Chinese National Audit office, our gracious hosts, for their initiative and for the excellent efforts in organizing this meeting. I am sure, that this meeting will signal the onset of stronger interaction and cooperation amongst our institutions that will propel our SAIs to move from strength to strength!

Thank you.