

Keeping vigil even during unusual times

With corruption likely in pandemic management, the CAG's audit can ensure checks and balances in the health sector



The latest India specific data on COVID19 infections is alarming. With the nation spending substantial resources to manage the pandemic, what is the role of the supreme audit institution of India, the Comptroller and Auditor General (CAG) of India?



In this context, the move, in August, where the Karnataka State Legislature's Public Accounts Committee (PAC) directed the CAG to conduct a special audit into the purchase of COVID19 equipment within 15 days, and where the PAC chairman H.K. Patil 'chaired a meeting of the panel and instructed the CAG to constitute a special team of its employees to get the audit of all purchases of COVID19 equipment' highlights the role and significance of the national audit office in these unusual times. The panel also asked the CAG to 'conduct an audit of expenditure incurred by the State government under the State Disaster Response Fund (SDRF). The government had used the SDRF amount for purchase of equipment in various districts'.

Opportunity for graft

The political allegation that funds (to the tune of Rs• 2,000 crore) were siphoned off to purchase inferior quality of personal protective equipment kits, sanitisers, ventilators, masks and other equipment at prices higher than those prevailing in the market is a serious one. The opportunity to indulge in corruption exists in disaster management. Emergency procurement to save lives and reduce sufferings are a chance to obfuscate rules and procedures, and can happen in all three tiers of governance — the Union, the States and Union Territories, urban local bodies, rural local bodies and government agencies engaged in procurement at all levels. Mr. Patil has also petitioned the Karnataka State Human Rights Commission alleging the violation of rights of people during treatment.

If all the major purchases by government entities at all levels are audited by the CAG, there can be substantial improvement in disaster management. It will usher in better transparency, integrity, honesty, effective service delivery and compliance with rules and procedures and governance.

A constitutional mandate

The CAG has the inescapable constitutional and statutory mandate and responsibility to ensure public accountability, transparency, effective service delivery and good governance. The management of a pandemic is not an exception to this; though in the expediency of saving lives and alleviating suffering, there can be reasonable exceptions to compliance with established rules and standard operating procedures in procurement. People's health is a priority audit theme and so is big ticket public expenditure.

The CAG has issued an order creating a new vertical — health, welfare and rural development on June 1, restructuring the office of the Director General of Audit, Central Expenditure. It is necessary that the CAG undertakes performance audits of COVID19 related procurements, the Central Government Health Scheme (CGHS) and Employee State Insurance (ESI) hospitals. Audit objectives may include the procurement of equipment and drugs for CGHS wellness centres and polyclinics, laboratories and hospitals. For example, based on available reports, the CGHS provides healthcare facilities to about 34.19 lakh beneficiaries, including government employees, pensioners and MPs, incurring an expense of Rs ₹5,113 crore, almost half of its total expenditure on drugs from 201415 to 201819. A beneficiary survey will become part of the audit process to bring out efficacy of service delivery and the availability and quality of drugs. Auditing ESI hospitals and dispensaries is expected to provide the assured healthcare services including infection control and hygiene.

The government entities must have established and effective controls over expenses to purchase equipment. Since the lockdown, there has been substantial government expenditure. Audit recommendations can contribute improvements in various aspects of disaster preparedness, management and mitigation.

As in the rules, all governments and government agencies must have established effective controls over disaster preparedness and management and related expenses (with proper documentation). As the CAG's performance audits are driven by economy, efficiency and effectiveness, the audit will focus on expense tracking and achievement of outputs and outcome, in qualitative and quantitative terms. The entire process of procurement of COVID19 related equipment and drugs, proper documentation, and compliance with rules and regulations can be streamlined with data analysis, valuable inputs and practical recommendations.

Benefits of an inspection

There are usually red flags in disaster management, emergency procurement and related expenditures. Though COVID19 is an unparalleled disaster, it may also provide an opportunity for scamsters to siphon off public money where normal and prudential financial regulations cannot be fully enforced and questions of inconsistencies are likely to be overlooked.

The statutory responsibility of CAG as an independent, objective, and nonpartisan constitutional authority includes appraising disaster preparedness, ensuring that management, mitigation operations, procedures are complied with, and proper internal controls are proper records, documentation, authentic, accurate, reliable and complete information and data; providing assurance to people's representatives, tax payers and the public at large that government resources, including funds and assets are being used prudentially as per the law and regulations and safeguarded; providing assurance that risks are assessed, identified and minimized with established disaster management process and procedures; and, finally, offering assurance that resources are being used economically efficiently and effectively for achieving the planned objectives and that benefits have gone to the targeted beneficiaries. The internal audit must also ensure compliance with applicable rules and procedures even in disaster related disbursements and procurement processes and provide valuable inputs to the external audit conducted by the CAG. Generally accepted government auditing standards require that an audit is planned and performed with sufficient, appropriate evidence to the audit findings and conclusions based on the audit objectives and scope. All public entities management must be accountable and ensure that resources are managed properly and used in compliance with laws and regulations; programmes are achieving their objectives; and services are being provided efficiently, effectively, and economically.

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