REVIEWING AND STRENGTHENING NATIONAL FRAMEWORKS IN LINE WITH INTERNATIONAL BEST PRACTICES AND ENHANCING REGIONAL CO-OPERATION

Sharing Best Practices and Experiences

SAI India (Office of the Comptroller and Auditor General of India), as the Supreme Audit Institution of India, has undertaken systematic efforts to review and strengthen its national anti-corruption and anti-fraud frameworks in alignment with international best practices. This document presents SAI India's key experiences, institutional reforms, and contributions towards enhancing regional cooperation in the global fight against corruption and money laundering.

1. Introduction: SAI India's Mandate and Strategic Vision

The Comptroller and Auditor General (CAG) of India is constitutionally mandated to audit all receipts and expenditures of the Union and State Governments. As the country's apex audit institution, SAI India plays a pivotal role in:

- Ensuring financial accountability, transparency, and integrity in the management of public resources.
- Detecting and reporting fraud, corruption, and irregularities in government operations.
- Providing credible and reliable audit reports to the legislature, courts, and anti-corruption agencies.
- Contributing to the global audit community through INTOSAI, ASOSAI, and G20 forums.

India operates the Parliamentary model of Supreme Audit Institution, in which the CAG works closely with Parliament, conducts audits in accordance with its legal mandate, and tables reports before the relevant Legislature. SAI India's broad audit jurisdiction spans Ministries, Departments, Public Sector Undertakings, Autonomous Bodies, and Grant-in-Aid Institutions.

2. Reviewing and Strengthening National Frameworks

2.1 Revised Standing Order on Fraud and Corruption (2025)

A significant step in strengthening SAI India's national framework is the Revised Standing Order on the Role of Audit in Relation to Cases of Fraud and Corruption, revised in November 2025. This represents a comprehensive update from the earlier versions (2006 and 2010), driven by:

- Major legal and regulatory changes: General Financial Rules (GFR) 2017, Digital Personal Data Protection Act 2023, and amendments to the Prevention of Corruption Act, 1988.
- Digital transformation: rapid adoption of digital platforms including the Public Financial Management System (PFMS), Government e-Marketplace (GeM), and Direct Benefit Transfer (DBT) portals.
- Complex governance models: wider use of Public-Private Partnerships (PPP), outsourcing of services, and performance-based funding.

The revised Standing Order is aligned with WGFACML guidance and the Guidance on the Audit of Corruption Prevention, 2019 (GUID). It equips auditors with:

- A structured framework for identifying red flags and evaluating the adequacy of internal controls.

- Domain-specific and sector-wise checklists for Procurement Audit, Cash Management, Asset Management, and DBT Audit.
- Guidance on IT fraud risks, forensic data analytics, and documentation of digital evidence.
- Updated definitions and typologies of fraud and corruption aligned with INTOSAI GUID 5270, ISA 240, and international frameworks.

2.2 Alignment with International Standards and Best Practices

SAI India's audit frameworks and practices are aligned with international standards:

INTOSAI Standards and WGFACML Guidance

- SAI India's audit processes are guided by the INTOSAI Framework of Professional Pronouncements (IFPP), including ISSAIs related to fraud and corruption.
- The Revised Standing Order explicitly draws upon INTOSAI GUID 5270 (definitions of fraud and corruption) and the WGFACML Guidance on Audit of Corruption Prevention, 2019.
- SAI India employs the 'three lines of defense' framework (management controls, internal audit, and external audit) as promoted by the IMF and endorsed in international audit standards.

G20 High-Level Principles

- India's G20 Presidency in 2023 produced the Compendium of Good Practices in Enhancing the Role of Auditing in Tackling Corruption, led by SAI India.
- The Compendium benchmarked good practices across all five key domains: legal frameworks, capacity development, audit follow-up, inter-agency cooperation, and use of ICT.
- SAI India contributed its institutional experiences—including risk-based auditing, data analytics, and ethics training—to inform global guidelines.

UN Conventions and Declarations

- SAI India's framework is consistent with the United Nations Convention against Corruption (UNCAC), which recognizes audit as a key element in corruption prevention.
- The political declaration adopted by UNGASS (2021) and the Abu Dhabi Declaration (2021) promote the role of SAIs in tackling corruption—frameworks that directly inform SAI India's approach.

2.3 Key National Framework Strengthening Measures

Risk-Based Audit Planning

Audit planning has shifted from traditional transaction testing to a structured risk-based approach:

- Preliminary assessment of process flows, key personnel, financial power delegation, and IT systems.
- Risk assessment includes identifying large cash transactions, high-value procurements, manual interventions, and lack of segregation of duties as red flags.
- Focus on internal control evaluation through preventive, detective, and corrective measures.

Data Analytics and Digital Audit

The Centre for Data Management and Analytics (CDMA) has been established to lead data analytics initiatives:

- Digital audit platforms, data visualization, and AI-assisted anomaly detection are deployed to identify potential fraud, collusion in tendering, or irregular payments.
- India's adoption of a National e-governance plan led to a paradigm shift—from traditional record-keeping to maintaining and analyzing massive government databases.

Training and Capacity Development

Training strategies are delivered through:

- 3 Central Training Institutes and 12 Regional Training Institutes.
- International Centre for Information Systems and Audit (iCISA) offering specialized courses in IS audit and digital forensics.
- Development of the Manual on the Role of Audit in Relation to Cases of Fraud and Corruption as internal guidance.
- A Code of Ethics to promote integrity and accountability among personnel.

Stakeholder Engagement and Transparency

- SAI India reports to Parliament and relevant Legislatures, holds press conferences, and issues press releases to ensure public and media receive accurate information.
- Audit reports are made available on web portals, providing citizens and stakeholders access to information about audit findings.
- SAI India offers credible, authentic, and reliable audit reports to legislative committees. These reports are also referred by courts, and anti-corruption agencies to raise awareness of anti-corruption efforts.

3. Inter-Agency Cooperation and Follow-Up Mechanisms

3.1 Collaboration with Anti-Corruption Agencies

Reports of SAI India on significant cases of fraud and corruption are accessible to relevant investigating and enforcement agencies:

- Central Bureau of Investigation (CBI), Central Vigilance Commission (CVC), and Enforcement Directorate (ED) — for financial crimes and corruption cases.
- Lokayukta (State Anti-Corruption Bodies) — facilitating coordinated action at the state level.
- SAI India follows up suspected corruption cases by reporting matters to the executive and the concerned Legislature, and through periodic repeat audits and coordination committees.

3.2 Audit Follow-Up Framework

SAI India has established a structured approach for following up on audit findings:

- Periodic repeat audits to assess whether recommendations from prior audits have been implemented.
- Coordination committees with audited entities to review implementation status of audit recommendations.
- Reporting of unresolved significant findings to Parliamentary Committees for further oversight.

The Revised Standing Order (2025) further strengthens follow-up by requiring auditors to document assessed fraud risks, audit responses, results, and communications comprehensively—including digital evidence such as system-generated reports, audit logs, screenshots, and digital signature validations.

3.3 Collaboration with Internal Audit

SAI India supports the strengthening of internal audit functions in government entities by:

- Active support through assessment of internal audit institutions and identification of strengths and weaknesses in key control points.
- Exchange of findings and methodologies between external and internal audit to strengthen internal controls.
- SAI India's approach promotes a culture of accountability, aligning internal controls with prevention-focused governance.

4. Enhancing Regional Cooperation: SAI India's Contributions

4.1 Leadership in G20 and INTOSAI Forums

Through its participation in G20 and INTOSAI forums, SAI India has contributed to the developmentof international anti-corruption audit standards and practices:

- Led with OECD and UNODC the development of the G20 Compendium of Good Practices in Enhancing the Role of Auditing in Tackling Corruption (2023) under India's G20 Presidency—a comprehensive reference covering 21 SAIs' experiences across five thematic chapters.
- Active participation in ASOSAI (Asian Organization of Supreme Audit Institutions) and contribution to regional knowledge exchange.
- Participation in WGFACML, contributing to the development of global guidelines on auditing corruption and money laundering.

4.2 Proposed Areas for Future WGFACML Guideline Development

Drawing on its institutional experience, five areas have been identified where SAI India's practices may inform future WGFACML guideline development.:

Area 1: Development of Risk Assessment Frameworks

SAI India's experience in risk-based audit planning includes methodologies for assessing internal controls and identifying corruption-prone areas across sectors such as public works, health and infrastructure. These approaches may provide practical inputs for the development of guidance on systematic risk assessment.

Area 2: Leveraging Data Analytics and AI for Red-Flag Detection

Experience gained through the Centre for Data Management and Analytics (CDMA) includes the use of digital audit platforms, data visualisation and AI-assisted anomaly detection. These practices may contribute to the development of guidance on the application of data analytics and analytical capability-building within SAIs.

Area 3: Auditing Beneficial Ownership and Illicit Financial Flows

Audit experience in public procurement, financial sector regulation and corporate governance provides useful perspectives on examining beneficial ownership structures and evaluating institutional compliance with anti-money laundering obligations. Participation in international initiatives such as the FATF and G20 further complements these experiences.

Area 4: Strengthening Ethics, Integrity, and Capacity Development

Training programmes delivered through iCISA and the Regional Training Institutes have supported the development of material relating to ethics, integrity management and professional conduct. These resources may provide useful reference material for future WGFACML capacity-building initiatives.

Area 5: Integrating Anti-Corruption Dimensions into Performance and Compliance Audits

Experience from thematic audits in areas such as public procurement, infrastructure, environmental management and social sectors demonstrates how corruption vulnerabilities may be integrated into performance and compliance audits. Such approaches support a shift from reactive detection towards preventive governance.

4.3 Regional Knowledge Exchange and Peer Learning

Continued engagement in WGFACML and other international forums would facilitate:

- exchange of practical experiences and good practices among member SAIs;
- sharing of approaches to integrating anti-corruption and anti-money laundering considerations into audit methodologies;
- peer learning across diverse institutional and governance contexts; and
- development of practical guidance consistent with INTOSAI principles and international good practices.

5. Emerging Challenges and the Way Forward

5.1 Challenges Acknowledged

SAI India candidly acknowledges challenges in expanding audit's role in combating corruption:

- Time Constraints: Limitation periods for punitive and compensation claims are time-bound, hindering effective enforcement in complex corruption cases.
- Data Access: Difficulties in accessing complete and accurate electronic data, particularly in auditee entities, can hinder seamless audit conduct.
- Evolving Fraud Typologies: Rapid digitalization has given rise to new forms of fraud—cyber-enabled financial frauds, digital identity frauds, social engineering, and data privacy violations under the Digital Personal Data Protection Act, 2023.
- Specialized Skills: The need for continuous upskilling in forensic auditing, data analytics, digital forensics, and IT audit.

5.2 Strategic Way Forward

SAI India's roadmap for strengthening its frameworks and enhancing international cooperation includes:

- Continuous updating of the Standing Order on Fraud and Corruption in line with evolving fraud typologies and international standards.
- Expansion of the CDMA's mandate to cover AI-driven audit analytics, predictive risk modeling, and network analysis for fraud detection.
- Strengthening inter-agency linkages with Central and State level fraud detection and corruption investigation agencies for timely investigative action.

- Developing sector-specific anti-fraud checklists for railways, commercial enterprises, IT systems, and other specialized audit jurisdictions.
- Deepening engagement with WGFACML to contribute to next-generation audit guidelines that are practical, evidence-based, and adaptable to varied governance environments.
- Promoting responsible ICT innovations in cross-sector collaboration, in accordance with domestic law and with due regard for data protection and privacy rights.

6. Conclusion

SAI India's experience in strengthening its audit framework reflects ongoing efforts to align national practices with evolving international standards and emerging risks. Initiatives relating to audit methodology, risk assessment, data analytics, capacity development and international cooperation illustrate practical approaches that may be relevant to other SAIs.

Continued engagement through INTOSAI and WGFACML will facilitate knowledge sharing, peer learning and the development of practical guidance for strengthening public sector accountability and integrity.