

INTOSAI



Compliance Audit
Subcommittee

**Annual Newsletter of the INTOSAI
Compliance Audit Subcommittee**

**INTOSAI
Compliance Audit
Subcommittee
Annual Newsletter
2023**

**CAS Secretariat
SAI India**

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From the Editor's Desk

My dear colleagues,

It is with great pleasure that we are bringing out the 2023 edition of the Annual Newsletter of the INTOSAI Compliance Audit Subcommittee (CAS). Over the last few years this Newsletter has become a vehicle to highlight achievements and insights in the field of compliance auditing to the INTOSAI Community. We also present a brief overview of CAS activities during the previous year.

The present edition carries articles from the INTOSAI Development Initiative, the Auditor General's Office of Maldives, Tribunal de Contas, Portugal, and the Office of the Comptroller & Auditor General of India. The articles cover such wide areas as the practice of compliance auditing in SAI India and SAI Maldives and the development of a Compliance Audit Manual in SAI Portugal. With the adoption of the INTOSAI Strategic Plan 2023-2028, SAIs have committed themselves to upholding equality and inclusiveness in their work. CAS has also included the development of a Concept Paper on Compliance Audit of Inclusiveness and Equality. IDI has contributed an article on this subject. We have included an article on the topic of preservation and conservation of lakes in Hyderabad, a city located in the southern part of India, and its relevance in compliance auditing.

The past year saw CAS being involved in many significant projects including the Component 1 review, the review of ISSAI 140 and the initiation of the new SDP process. We have also given shape to the CAS Work Plan 2023-2025.

I wish to thank all the authors for their excellent contributions. My gratitude also goes to all members of CAS, our observers, and our partners for their continued support and cooperation during the past year.

Wishing all of you good health and happiness.

Best regards,

Reema Prakash

*Additional Deputy Comptroller & Auditor General and
Acting Chair
Compliance Audit Subcommittee*

Brief Overview of CAS Activities

19th Annual CAS Meeting

The 19th annual meeting of the INTOSAI Compliance Audit Subcommittee (CAS) was held in hybrid mode from 4 to 5 August 2022 in the city of Bengaluru, India. SAI India hosted the meeting, which saw the participation of delegates from 18 countries and organizations. Mr. Girish Chandra Murmu, Comptroller & Auditor General of India and Chair of CAS inaugurated the meeting through video address. Mr. Hussain Niyazy, Auditor General of Maldives and Ms. Olfa Mamlouk, President of the Chamber, Court of Accounts of Tunisia also participated in the meeting.



Mr. Girish Chandra Murmu inaugurates 19th Meeting of CAS

Mr. Girish Chandra Murmu, in his inaugural address, stressed on the need to fashion the strategies of CAS to take on the challenges of the future including the enabling and disruptive impacts of technology, climate change, supporting the implementation of the United Nations 2030 agenda, fight against fraud and corruption and promoting equality and inclusiveness in the society through audits.

In this connection he also emphasized the need to tailor the framework of Environment, Social and Governance (ESG) reporting to the specificities of public sector organizations. Commenting on the new perspectives and priorities envisioned in the INTOSAI Strategic Plan 2023-2028, Mr. Murmu observed that the new plan places equality and inclusiveness at the core of audit concerns. The problem of inequality, he said, manifests in multiple dimensions like gender, financial, ethnic, cultural, linguistic, regional etc. He underlined the need for developing a cohesive

strategy of audit that addresses the problem in all its dimensions and enables SAIs to deliver value to the citizens to whom they are ultimately responsible.

Mr. Murmu touched upon the need for Supreme Audit Institutions to be resilient in the face of challenging circumstances and prove their relevance by proactively engaging with the users and ultimate beneficiaries of their reports. He reminded the participants that for a SAI the ultimate stakeholders are the larger public, the people. He emphasised the need for SAIs to develop modalities of continuous engagement with the government, the media, citizens, civil society organizations, and anti-corruption agencies. These engagements, he said, could bring new insights into the compliance audit process, provide alternate sources of information, and create advocacy for their work.



Ms. Meenakshi Sharma, Deputy Comptroller & Auditor General, with Mr. Hussain Niyazy, Auditor General of Maldives and Mr. Kesavan Srinivasan, Deputy Comptroller & Auditor General.

The meeting was chaired by Ms. Meenakshi Sharma, Deputy Comptroller & Auditor General and the previous Acting Chair, CAS.



Delegates during the 19th Annual CAS Meeting.



Online participants during the 19th Annual CAS Meeting.

The meeting reviewed the progress of work by CAS during the year and deliberated on the proposed CAS Triennial Work Plan for the period 2023-2025.

Delegates representing the INTOSAI Development Initiative, SAI Maldives, SAI Portugal, SAI Norway, SAI India, and SAI France made presentations. Mr. Kesavan Srinivasan, Deputy Comptroller & Auditor General, SAI India, made an expert talk on ESG – A Peep into the Future.

CAS Newsletter 2022

The CAS Newsletter 2022 was brought out in May 2022. The Newsletter reported on the progress of CAS initiatives during the past year in areas of knowledge development, capacity building and collaboration with INTOSAI partners. It also carried articles from the INTOSAI Development Initiative, SAI Azerbaijan, SAI Hungary and SAI India.

CAS Triennial Work Plan 2023-2025

The triennial work plan of the Compliance Audit Subcommittee for the period 2023-2025 was given shape through wide consultations and deliberations within the CAS Community of members, observers and partners. The work plan, envisages the development of a concept paper on Compliance Audit of Inclusiveness and Equality, covering the multiple dimensions of the problem such as gender, poverty etc. CAS shall collaborate with the IDI in this project. CAS shall also collaborate with the IDI on their Professional Education for SAI Auditors (PESA) project. The Work Plan also provides for working on projects to be made part of the INTOSAI Strategic Development Plan that shall be approved during November 2023.

Revision of ISSAI 140 – Quality Control for SAIs

PSC had undertaken the project of **revision of ISSAI 140** (Quality Control for SAIs) in response to the implementation of the new/revised suite of IAASB quality management standards (ISQM1 and 2, replacing ISQC1). A project group was formed to undertake this project led by Ms. Bogna Kuczynska from the European Court of Auditors including CAS Members who are actively participating in the project. Ms. Ingvild Gulbrandsen, Special Adviser, SAI Norway also contributed as member of the drafting group for the Exposure Draft.

Strategic Development Plan (SDP) 2023-26

The Strategic Development Plan process of PSC is underway for development and preparation of the INTOSAI Strategic Development Plan 2023-26. As part of the process, CAS has sought suggestions from member SAIs regarding proposals for revision/development of standards and guidance. CAS has tentatively proposed to PSC that a GUID on scoping of compliance audits may be considered for the SDP 2023-26. The rationale of the proposed project is drawn from the fact that the scope of

compliance audits is determined by the extent of substantive testing that needs to be done which may depend on the extent of computerization and automation of processes, inherent risk involved in the transactions, the effectiveness of internal controls (including internal audit) and the extent to which it mitigates the inherent risks etc.

Component 1 Exercise

PSC held a series of workshops during 2022 to elicit the views of the INTOSAI Community on the project. CAS Acting Chair and members participated in the workshop held on 12 May 2022. CAS members provided their perspectives. Key insights from the project were presented during the PSC Sub-committee meeting held online in July 2022 as also the PSC Steering Committee Meeting in September 2022. CAS Acting Chair gave her insights during the meetings.

Participation in Meetings

SAI India as chair of CAS has participated in the Sub-committee Meetings organized by PSC from December 2021 to July 2022. CAS Participated in the Mid-term PSC Steering Committee Meeting in June 2022. Ms. Meenakshi Sharma, the earlier Acting Chair CAS participated in the PSC Steering Committee meeting conducted in Luxembourg on 26 and 27 September 2022.

Supporting SAIs in contributing to inclusion through compliance audits

INTOSAI Development Initiatives

What is inclusiveness and why does it matter to a compliance auditor?

The final goal of an SAI is to deliver value and benefits for the people of their country. Unfortunately, we live in an unequal world. Each country in the world has individuals or sections of population who are marginalised or at a risk of being left behind. Marginalisation may differ depending on the country context. Individuals or sections of population can be vulnerable or marginalised due to socio-economic status, gender, disability, ethnicity, age, migration etc. The recent COVID 19 pandemic has further sharpened these inequalities by pushing large sections of population, particularly in developing countries, into poverty.

Inclusiveness refers to the process of improving the terms for individuals and groups, in particular for those marginalised / in danger of being left behind, to take part in society and to be able to benefit adequately from public spending. The aim is to leave no one behind and include measures in public spending that help improve the ability, opportunity, and dignity of marginalised or potentially marginalised.

No SAI can deliver value and benefits unless it looks at the measures taken by its government to leave no one behind. Inclusiveness measures by governments start with recognition and understanding of the exclusions in the country, developing appropriate policy responses to such exclusions, putting in place institutional frameworks and capacities to address the issue and developing a robust data framework to collect data for evidence based decision making and reporting on results. Most SAIs have the mandate to audit each of these areas.

How can compliance audits contribute to inclusiveness?

A SAI's compliance audit practice can contribute to inclusiveness in a number of different ways.

A SAI can build in inclusiveness as consideration while developing the *strategic audit plan and the annual audit plan for compliance audit*. This would involve scanning the environment to ascertain inclusion needs in the country, engaging with key stakeholders from vulnerable or marginalised sections in understanding issues, making inclusion one of the criteria for selection of an audit topic or treating inclusion as a theme across different audit topics for compliance audits.

In compliance audits which focus on the theme of inclusiveness SAIs can ask questions about the compliance of government actions to applicable legal and institutional frameworks which govern them. E.g. compliance with legal provisions for protection of women or accessibility etc. SAIs can also *examine compliance frameworks of the government to check if they have robust provisions for inclusiveness*.

Compliance auditors can check if the authorities, *rules and regulations that provide for inclusion in different areas are complied* with by those charged with governance. For example, compliance auditors can check if the socio-economic scheme for beneficiaries from vulnerable groups is being implemented as per requirements and that the beneficiaries are genuine.

SAIs can *engage with relevant stakeholders and beneficiaries from marginalised sectors* throughout the audit process. This could include considering different means of getting inputs from such stakeholders or their representatives from civil society organisations (CSOs). Such *engagement* would contribute to a better understanding of the subject matter, ensuring that different voices are heard and considered during the audit.

Communicating *key messages and audit recommendations* from the audits would create greater awareness of issues faced by the marginalised sectors.

SAI compliance audits can hold governments to account and can also urge governments to action. By *following up on audit recommendations and facilitating greater audit impact* of audits that deal with inclusiveness, SAIs can contribute to enhancing inclusiveness in their local context.

How has IDI supported SAIs in auditing inclusiveness through compliance audits

The INTOSAI Development Initiative has reflected on mainstreaming inclusiveness in compliance audits in a number of ways

IDI's *ISSAI Implementation Handbook for Compliance Audit* includes a section on inclusiveness and compliance audits. [Compliance Audit Handbook -V1 English \(idi.no\)](https://www.intosai.org/idi/no/issai-implementation-handbook-for-compliance-audit)

The Professional Education for SAI Auditor's Pilot or *PESA(P)*, includes auditing inclusiveness as a cross cutting competence for SAI auditors. It is included in the PESA-P syllabus and learning outcomes. We have also provided a module on leave no one behind in the digital education. [Course: PESA-P: Compliance Audit - Education \(idilearning.org\)](https://www.intosai.org/idi/no/pesa-p-course)

During the COVID-19 pandemic, IDI supported a global cooperative compliance audit on *Transparency, Accountability and Inclusiveness in using emergency funding for COVID-19 (in short called TAI Audits)*. As a part of its support to SAIs, IDI has mainstreamed inclusiveness considerations in the TAI audit framework through the TAI audit guide. IDI supported the participating SAIs in developing audit questions regarding the Inclusiveness of the respective audits through a question bank. [Transparency, Accountability & Inclusiveness Audits \(idi.no\)](https://www.intosai.org/idi/no/tao)

In TAI Audits the SAI teams conducted TAI audits on one of the three subject matters:

- Emergency public procurement and supply

- Socio-economic packages, and
- The national rollout of COVID-19 vaccines.

Teams set audit objectives focused on inclusiveness aspects in these areas. Some examples are:

- Does the emergency procurement framework provide for inclusiveness?
- Do the rules and regulations governing socio-economic packages contain adequate inclusiveness requirements?
- Did the government carry out emergency procurements as per applicable rules and regulations?
- Did the government implement the socio-economic schemes as per applicable rules and regulations?
- Did the government ensure adequate participation of all demographic groups in defining the vaccine prioritisation process?
- Does the national vaccine prioritisation process include equity considerations, such as the vulnerabilities, risks and needs of groups who, because of underlying societal, geographic or biomedical factors, are at risk of experiencing greater burdens from the COVID-19 pandemic?
- Were the vaccines deployed as per the planned prioritisation policy? Did the vaccines reach the marginalised/ vulnerable groups/at-risk groups as provided for in the plans and policy framework?

The audit questions identified relate to the two key audit objectives of TAI audits:

- To ascertain the extent to which compliance frameworks provide for Inclusiveness.
- To ascertain the extent to which governments have complied with applicable laws, rules, regulations and policy decisions in terms of Inclusiveness in the national rollout of COVID-19 vaccines

Forty-six SAIs across the world are carrying out TAI audits. Most SAIs have completed their audits and issued their TAI audit reports per national mandates. The audit reports provided valuable recommendations regarding Inclusiveness in emergency procurement, the national rollout of vaccines and the distribution of various socio-economic packages. In many cases SAI teams have considered inclusiveness in compliance audit for the first time. Some findings show that (e.g., on the allocation of vaccines and distribution of socio economic packages) the criteria to establish accurate estimates of vulnerable population to include the elderly, frontline workers, vulnerable groups were identified, but not applied. In other cases, audit findings shed light on the lack of regularity criteria in the compliance framework to check inclusiveness in the respective subject matters.

During INCOSAI 2022 held in Rio de Janeiro, we launched the *Equal Futures Audit (EFA) Changemakers* initiative. This initiative facilitates the creation of EFA Changemakers in SAIs who can support SAIs in developing EFA strategies, including compliance audits and conduct EFA audits including audits using the compliance approach. We welcome and encourage SAIs to join EFA Changemakers for creating sustainable compliance audit capacity to contribute to inclusiveness. [Equal Futures Audit \(idi.no\)](#)

Development of a new Compliance Audit Manual

SAI Portugal

The Portuguese Court of Auditors (Tribunal de Contas) is currently developing its compliance audit manual involving several actors, including the audit standards committee of the Court, composed of three judges and officials with experience in successive and concurrent control, planning and strategy, and local authorities' audit.

In this context, it is also important to stress the support of the CENTER FOR INNOVATION, TECHNOLOGY AND METHODOLOGIES (CITM) and the intervention of the Information Technologies Commission to ensure a multidisciplinary and wide-ranging approach to all issues related to the content of the manual.

This manual should be included in the broader context of the projects undertaken by the Court towards dematerialization and digitalization. As such, it considers aspects relating to the instruction and documentation of audits in the frame of the recent technological tools developed to support the audit process.

The basic framework for the compliance manual relies on the INTOSAI Framework of Professional Pronouncements (IFPP), namely the International Standards of Supreme Audit Institutions (ISSAI), such as the compliance audit related ISSAI 400 and ISSAI 4000.

In this work, we have considered the analysis of other manuals on compliance auditing for benchmarking purposes, such as the IDI Compliance Audit Handbook, ISSAI Implementation Handbook, the Financial and Compliance Audit Manual of the European Court of Auditors, and the Compliance and Audit Manual of AFROSAI, as well as an extensive study of relevant matters to be abridged in the manual.

Drafting a compliance manual poses important challenges considering certain specificities of the Portuguese Court of Auditors mission that must be addressed in this process, in particular, the accomplishment of its a priori control and jurisdictional functions that involve a high degree of compliance evaluations.

In this regard, as the Portuguese Court of Auditors is a Supreme Audit Institution with jurisdictional functions, the manual could not fail to address the specificities related to the analysis and enforcement of financial liabilities, particularly with relation to the legal qualification of facts, obtaining evidence and related reporting.

Other more general issues, such as data protection, ethics and conflicts of interest, or the need to address quality control given the ISSAI 140 revision process, were also considered relevant challenges.

The manual intends to cover the most critical areas of the compliance audit, such as generally applicable principles, planning, execution, and reporting, as well as other complementary issues, such as subsequent events, disclosure of the report, data protection, or the follow-up of recommendations.

One major novelty in the manual concerns the development of a risk matrix for auditors based on data from the rendering of accounts platform comprising a set of indicators for the construction of risk models.

This project was presented and its content shared during the 19th annual meeting of the INTOSAI Compliance Subcommittee, in Bangalore, in August 2022, allowing a fruitful exchange of views that will contribute to improving the quality of the manual.

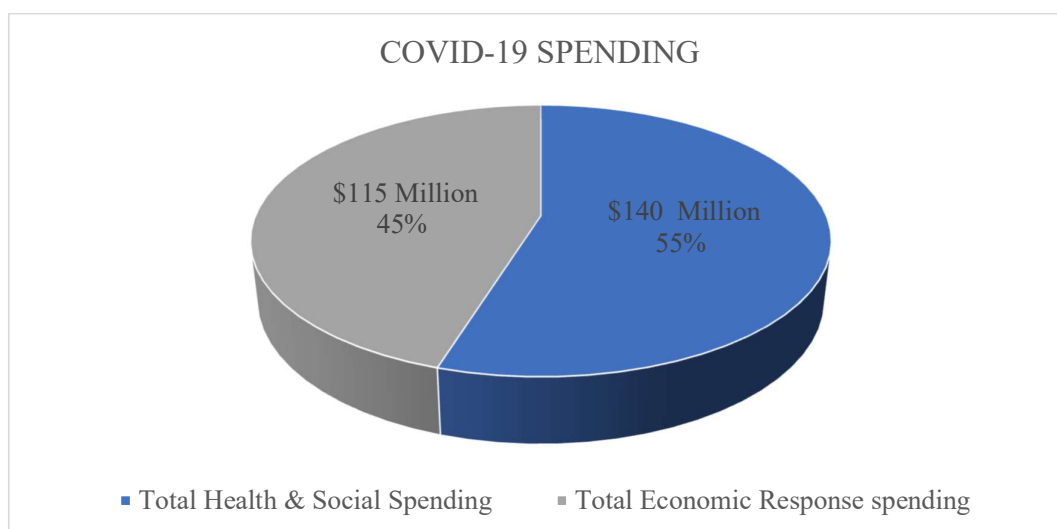
COMPLIANCE AUDIT IN THE MALDIVES

SAI Maldives

Introduction

The Covid-19 pandemic in 2020 led to a drastic downturn in both economic and financial activities in the Maldives. The economy endured significant losses mainly caused due to a fall in the revenue generated by the tourism sector. The Government took necessary steps to mitigate the socio-economic impacts of Covid-19 by supporting households and businesses while protecting the health of individuals during pandemic. In order to address socio economic challenges posed by the pandemic, the government increased spending in the areas relating to health, disaster management and tourism. The Government formulated an Economic Relief Package for different stakeholders of the economy to ensure job security and livelihood of Maldivians over the course of the pandemic.

In order to ensure the spending by the government agencies during the pandemic are in accordance with the relevant laws, regulations and policies established by the government of the Maldives, various compliance audits of government agencies were carried out during the year 2020.

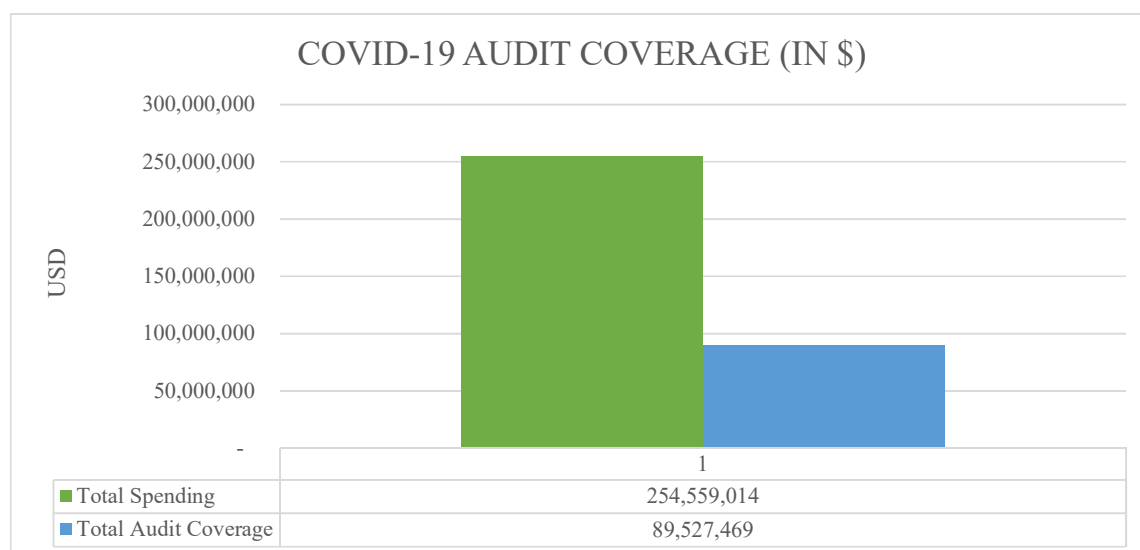
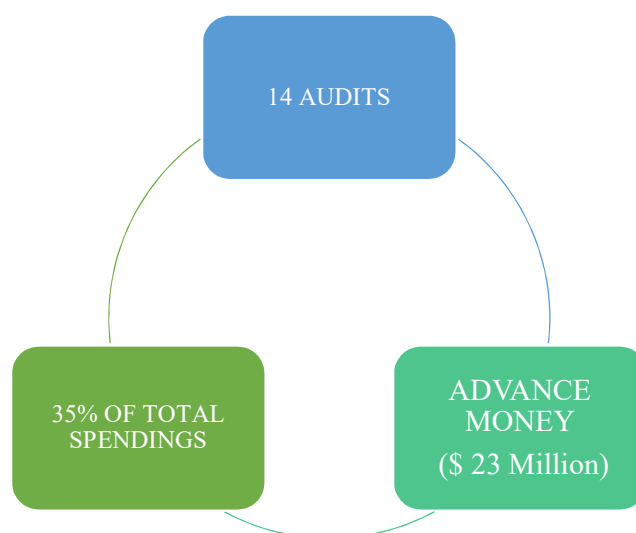


\$255 Million

TOTAL COVID-19 EXPENDITURE

Audit of Government Agencies

We carried out compliance audits of agencies which were allocated a significant amount of Covid-19 budget during the year. The National Disaster Management Authority (NDMA) received the highest approved budget allocation followed by the Ministry of Health and National Social Protection Agency (NSPA and Aasandha). For the first two quarters of 2020, NDMA was provided with an approved budget of over \$62 million whereas Ministry of Health and NSPA and Aasandha Company Limited, which manages the universal health insurance scheme of the government known as Aasandha, was provided with an approved budget of \$15.37 million and \$5.38 million respectively.



Major compliance issues identified during the Covid-19 related expenditure audits

1. Procurement

Major compliance issues were identified in the procurement process of agencies. These include issues in bidding process, including lack of uniformity in the bid evaluation process. Various issues were also identified in the process of purchasing Personal Protective Equipment (PPE) during the Covid-19 pandemic. Moreover, lack of effective internal control systems in the agencies have led to spending of the budget and funds without the approval of accountable officers.

2. Contracts / Agreements

Issues identified also include major services and goods obtained by government agencies without signing appropriate contractual agreements with service providers despite the requirement for such in Public Finance Regulation (PFR). Other non-compliance issues include over-payment for the services and over-payment of advance money for the services.

3. Policies & Procedures

During the compliance audits, another significant issue that came to our attention was lack of well-established policies and frameworks at agency levels. The lack of policies could lead to inconsistent decision-making and lack of accountability and transparency in implementing decisions made. Furthermore, we also identified the need to establish relevant policies and frameworks at agency levels as well as the need to ensure that an effective monitoring mechanism is established to aid compliance with relevance laws, regulations, and policies and procedures in the public sector.

Challenges for the future of compliance audits

SAI Maldives is smaller in size and have access to limited resources in comparison with some other SAIs. Thus, one of the major challenges is the lack of resources to carry out compliance audits in a large scale and on a frequent basis. In addition, employees we recruit have fewer opportunities for training to build their capacity at a national level. Furthermore, lack of documentation and well-established policies and systems at agency levels poses significant challenges when carrying out audits.

Being the Supreme Audit Institution of a smaller nation with relatively few sources of revenue resulting in access to limited resources, SAI Maldives is moving towards the use of IT and Data Analytics in its audits to add more value to its output. We strongly believe that the use of IT and Data Analytics will enable us to extract and work with a large volume of data to identify trends, inconsistencies and relationships during the course of its audits

Preservation and Conservation of Lakes in Hyderabad

SAI India

SAI India is an environmentally conscious organisation and has conducted various audits pertaining to environmental sustainability and conservation in the last few years. As part of our commitment to SDG Goal 6 -“Clean Water and Sanitation”, SAI India initiated a compliance Audit on the Preservation and Conservation of Lakes in Hyderabad, a metropolitan city in the Southern State of Telangana with a population of 10 million.

The topography and natural drainage patterns of Hyderabad, located on Deccan Plateau, allowed the construction of series of ‘Chain Link Lakes’¹, locally known as Cheruvus². There are 3,132 identified lakes³ in the Hyderabad Metropolitan area. These water bodies act as water storage reservoirs for irrigation, drinking and groundwater recharge. Urbanisation had led to a steady reduction in the number and area of the lakes and unregulated solid waste dumping had drastically changed their physical and chemical character. SAI India also took cognisance of various publications regarding degradation of lakes.

The Audit was conducted from May-September 2018 to assess the impact of State Government’s efforts in preservation and conservation of lakes from 2014-2018. There were numerous challenges faced during audit execution. The multiplicity of departments involved in lake protection and conservation resulted in overlapping jurisdictions and shifting of responsibility. Departments were not proactive in production of records and replying to the audit observations. There was hesitancy from the department to participate in joint physical verification as there were numerous encroachments. Further, we faced difficulty in decoding historical records and maps due to lack of expertise in this niche area. We addressed these challenges by holding several meetings with related stakeholders and environmental experts.

The sources of Audit criteria included State Water Policy, 2009, Guidelines of National Lake Conservation Project (NLCP) and National Plan for Conservation of Aquatic Eco-systems issued by Government of India, other relevant circulars and orders issued from time to time. We also relied on best practices followed across the country to serve as benchmarks for comparison. Out of the 3,132 lakes in Hyderabad, we selected 50 lakes based on various key parameters⁴ for record scrutiny and conducted

¹ Lakes connected by streams/drains where outflow of upstream lake forms inflow for downstream lake

² Cheruvu is the local word to signify a lake. Many big lakes were built by the Qutub Shahi rulers (1534-1724 A.D.) and later by the AsafJahi rulers (1724-1948 A.D.) in and around Hyderabad city

³ GHMC-185 lakes and HMDA-2,947 lakes

⁴ Full Tank Level area (refers to the level beyond which a lake cannot retain water any more), Adverse media reports, Pollution levels, Encroachments, Geographical location, Chain of lakes, etc.

joint physical verification for 18 lakes along with Government officials to study the physical structures and level of encroachments in them.

The findings from our Compliance Audit are briefly discussed below:

Institutional Issues relating to Lake Protection Committee

Institutional mechanisms are required for co-ordination between different water agencies and organisations concerned and for stakeholders participation in conservation and management⁵.

We learnt that the State did not have a Lake Protection Authority⁶ as there was no separate law on lake protection enacted by its legislators. In its place, a Lake Protection Committee (LPC) was constituted based on the orders of The Hon'ble High Court of the State (April 2010). The LPC had 18 members drawn from various departments and agencies involved in conservation of lakes. Since LPC was not vested with powers or authority to direct the implementation of its decisions, many of its decisions were not acted upon or enforced.

LPC in its first meeting resolved to hold regular meetings every month. Accordingly, 101 meetings should have been held from its inception till September 2018. However, LPC did not meet every month and only 16 meetings were held till September 2017⁷, after which there was no meeting for a year. Officials of key departments such as Irrigation⁸ and Revenue⁹ (who are key stakeholders in lake protection) were pre-occupied in implementation of their flagship programmes. This suggested that both the State and LPC did not prioritise lake protection and conservation activities.

Further, Government stipulated that LPC should submit periodical reports to the Government. The order did not mention the essentials of the periodical report such as content, format or periodicity. LPC did not submit any report on its activities nor sought clarification on this.

Lack of citizen-centric approach

Government evolved a State Water Policy (February 2009) for effective participation of users by way of mandatory development and management of water resources with involvement of primary stakeholders. While lake protection suffered due to lack of co-ordination between multiple agencies, there was no effort by the LPC or the State to include an important stakeholder in the activity i.e., the citizen. In respect of urban

⁵ Ministry of Environment and Forests (MoEF), Government of India (GoI) in its report titled "Conservation and Management of lakes: an Indian Perspective"

⁶ LPA is an authority for protection and development of lakes through law

⁷ Up to 2013-14: 9 meetings; 2014-15: 2 meetings; 2015-16: 3 meetings; 2016-17: 1 meeting; 2017-18: 1 meeting

⁸ Many of the lakes were originally built for irrigation purpose and are under the responsibility of the Irrigation Department. Historical information on the lakes in the form of memoirs is also with them

⁹ While the water belongs to the Irrigation Department, the land underneath belongs to the Revenue Department, which is the agency responsible for removal of encroachments.

lakes, such stakeholders would be fishermen and residents of areas around the lake. There was no evidence of such user groups being involved in the conservation of lakes.

Delays in Survey and notification of lakes

The LPC in April 2010 directed the Revenue and Irrigation Departments to prepare a comprehensive database and maps of the lakes in Hyderabad. We found out that the database of lakes prepared was neither complete nor accurate and excluded a few already listed lakes.

The Full Tank Level¹⁰ demarcation work was entrusted to a consultant for contract value of ₹3.22 million with a Completion period of 18 months from date of agreements (May 2013/ March 2014). However, it was not completed and final notification was issued in respect of only 5 percent of lakes. Even out of these finally notified lakes, we observed differences in the boundary areas and reduction of size when compared to historical records. An expenditure of ₹1.26 million was incurred towards this incomplete exercise.

Non-operational Action Plan for conservation

Hyderabad Metropolitan Development Authority (HMDA) is the main authority that is responsible for implementation of plans for lake protection in Hyderabad. HMDA initiated an Action Plan (November 2013) for conservation and beautification of 258 lakes with State funding. However, Government did not approve the action plan or release funding. HMDA spent a meagre ₹ 0.12 million on survey of lakes during 2013-18.

Municipal Corporation of Hyderabad also budgeted ₹2.87 million in 2014-18 on lakes under its jurisdiction. We found that it spent only ₹0.42 million on protection and beautification works, construction of idol immersion ponds for festivals, etc.

Also, the State lost funding under the National Lake Conservation Plan (NLCP), a Centrally Sponsored Scheme of the Ministry of Environment and Forests, Government of India, due to ambiguity in the rates adopted in the DPR, incorrect estimates, etc. The scheme intended to restore and conserve the urban lakes degraded due to waste water discharge through an integrated ecosystem approach.

¹⁰ Level upto which water may reach

Case Study: Hussainsagar Catchment Improvement project

Hussainsagar lake holds iconic importance in the city of Hyderabad. Constructed in the year 1562 by the then Nizam (king) to provide drinking water to the city, it originally had an area of 576.23 hectares. However, the supply of drinking water from the lake was stopped from the year 1930 and the area had been reduced to 479 hectares over the period with developments coming around the lake. Lack of sewerage network and treatment facilities in its catchment area resulted in degradation of water quality in the lake.

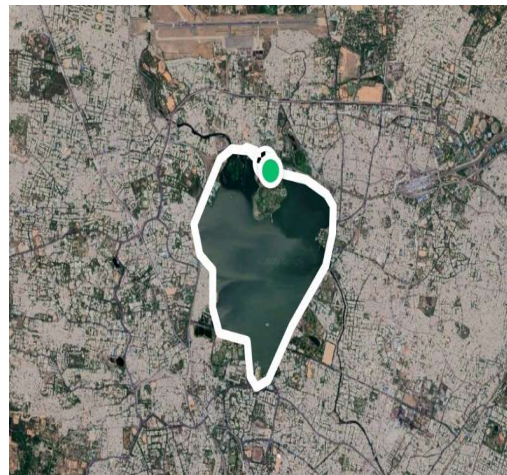


Figure 1: Hussain Sagar in the heart of Hyderabad City

With an objective to improve water quality in lake, Hussainsagar Lake Catchment Area Improvement Project commenced with a loan from Japan International Cooperation Agency (JICA) of ₹31 million in 2006. The project was closed after ten years with only four out of nine major components completed. Work relating to sewerage network in catchment area was not prioritised and remained mainly incomplete. The pollution levels, though initially brought under control, had increased thereafter. We learnt that the increase in the pollution levels in the lake subsequent to project closure was due to continuous and incremental discharge of sewerage into the lake.

Results of Joint Physical verification of Lakes

To understand the ground zero situation, we conducted joint physical verification of 18 lakes along with the Irrigation Department officials.

We found that most of the appurtenant structures viz., inlet, weir, and sluice were either in bad condition or only partially intact. Only the bund was intact in all the lakes visited. Inlet, weir/ outlet and sluice were good only in seven, ten and two lakes respectively. They were either damaged or non-existent in the others. This highlighted the need for strengthening the physical structures of lakes and their restoration.

In terms of fencing, only four lakes had strong fencing. Fencing was damaged in nine and non-existent in five. We saw encroachments in Full tank Level and buffer zone in 16 and 17 lakes respectively. There were buildings, roads, Sewerage Treatment Plants and religious structures constructed in these zones. We observed that the problem of encroachment was neglected over the years and had become a mammoth problem without any resolution.

Health of the lakes: Poor Water Quality

The LPC instructed the State Pollution Control Board (SPCB) to monitor all lakes in Hyderabad region. To the contrary, it was analysing the water quality in only 19 lakes. From our sampled lakes, 15 lakes were being monitored by the Board.

As per the NLCP guidelines, quality of water in lakes needs to be maintained at minimum class B¹¹ out of the five categories approved by Central Pollution Control Board. We analysed the data given by SPCB and found that in these lakes, water quality was continuously classified as class E or below.

Our analysis of water quality reports published by SPCB revealed that there was only one lake where parameters¹² were within permissible norms. In respect of the remaining 14 lakes, Dissolved Oxygen and Biological Oxygen Demand were beyond the permissible norms. Total Coliform and fluoride were beyond permissible norms in 12 and 14 lakes respectively. Instances of foaming were observed in two lakes while weed/hyacinth were observed in eight lakes.

Conclusion

Our compliance audit revealed that weak institutional mechanism coupled with incomplete survey and mapping of lakes led to unwarranted discharge of sewage into lakes and incremental encroachment over the years. State did not concentrate on lake protection and conservation as the action plans were not implemented on ground and remained ineffective. Our Joint physical verification reiterated our audit observations that were based on verification and records and revealed the degree of physical damage to lake structures. Further, the water quality in lakes was poor and chemical parameters were beyond the permissible limits. There is a dire need to reinvigorate the institutional mechanism and take effective measures for prevention and treatment of sewage flow into the lakes, with adequate funding.

¹¹ A- Drinking Water Source without conventional treatment but after disinfection; B- Outdoor bathing (Organised); C- Drinking water source after conventional treatment and disinfection; D- Fit for Propagation of Wild life and Fisheries; E- Fit for Irrigation, Industrial Cooling, Controlled Waste Disposal

¹² such as Dissolved Oxygen, Biological oxygen demand, Total Coliform, Total Dissolved Solids and fluoride

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