



**GOVERNMENT OF KERALA**

**Finance (PAC-A) Department**

**CIRCULAR**

No: 63/2016/Fin

Dated, Thiruvananthapuram: 23.07.2016

Sub: Finance Department – Implementation of Audit Online / Ready Auditor, an enterprise online IT solution for managing the audit process in all Departments – Reg.

Ref: 1) G.O. (P) No:26/2016/TD dated 05/02/2016

As per the G.O. referred to above, Government had accorded sanction for implementing the “Ready Auditor”, a digital platform for audit in Commercial Taxes, Excise, Registration and Lotteries Departments with the help of user manual and with the training of concerned officials. The “Ready Auditor” is an online audit platform developed by the National Informatics Centre (NIC), New Delhi under the guidance of the Taxes Department, Government of Kerala, in collaboration with the Principal Accountant General / Accountant General and Kerala State IT Mission (KSITM). The system is expected to bring accountability, transparency and efficiency in the existing manual system of audit process.

Vide reference (2) cited above, it was decided to implement “Ready Auditor” in all departments for the conduct of Audits. It was also decided that, henceforth, the processing and replies from the Auditee shall be only through the online platform.

For adopting “Ready Auditor” in departments, process flows pertaining to each department and individual offices shall be initially configured in “Ready Auditor” . It shall be undertaken with the help of NIC Delhi and KSITM. Process re-engineering shall strictly be adopted while defining the process flows so as to maximise the advantage of using this online platform. The individual process flows within each department shall be tested and verified and approvals for the same shall be provided by the Heads of the Departments concerned. Training to department officials on “Ready Auditor” and provision of necessary hardware and connectivity at audit locations shall be

arranged by the respective departments. Digital Signatures shall be issued to all concerned officers in the departments who are involved in the audit process as per the defined process flow. The Heads of the Departments shall undertake necessary action so as to provide the required number of Digital Signatures to officers before adopting the online platform.

Accordingly, it has been decided to implement the "Ready Auditor" platform in all the Government Departments and line departments as well, for the smooth and speedy conduct of Audit. All the Departments are therefore requested to adopt and implement the "Ready Auditor" platform which provides for managing the audit process and monitoring for good governance, with effect from – 01.09.2016 onwards. The processing and replies to all Audit Queries, Draft Notes, Draft Paras, Audit Paras etc. shall be online henceforth, using "Ready Auditor". Heads of Departments shall take necessary steps for the timely adoption of "Ready Auditor" in their respective departments in consultation with NIC and KSITM. Any doubt, clarification in this regard may be sought from the above organisations.

**Dr. K.M. Abraham**

**Additional Chief Secretary, Finance**

To

1. The Principal Accountant General (ERSA/SGSA) Kerala, Thiruvananthapuram.
2. The Principal Accountant General (A&E), Kerala, Thiruvananthapuram.
3. The Technical Director, National Informatics Centre, New Delhi.
4. Commissioner of Commercial Taxes, Thiruvananthapuram.
5. Commissioner of Excise, Thiruvananthapuram.
6. Inspector General of Registration, Thiruvananthapuram.
7. Director, State Lotteries, Thiruvananthapuram.
8. All Heads of Departments
9. Director, Kerala State IT Mission, Thiruvananthapuram.
10. State Informatics Officer, National Informatics Centre, Thiruvananthapuram.
11. All Departments in Secretariat including Finance and Law.
12. The Nodal Officer, [WWW.Finance.Kerala.Gov.in](http://WWW.Finance.Kerala.Gov.in)
13. Stock File / Office Copy.

Copy To: PS to Hon'ble Chief Minister

JS to Additional Chief Secretary (Fin)

PA to Additional Chief Secretary (Taxes)

CA to Additional Secretary (Taxes)

Taxes (OS) Department



## GOVERNMENT OF KERALA

### Abstract

TAXES DEPARTMENT—IMPLEMENTATION OF “READY AUDITOR”, AN ENTERPRISE IT SOLUTION FOR MANAGING THE AUDIT PROCESS AND MONITORING FOR GOOD GOVERNANCE—SANCTION ACCORDED FOR ITS ROLL OUT—  
ORDERS ISSUED

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### TAXES (C) DEPARTMENT

**G. O.(P) No.26/2016/TD. Dated, Thiruvananthapuram, 5th February, 2016.**

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- Read:*—1. Presentation before the Public Accounts Committee dated 7-10-2015.
2. No. 312/PAC-A1/15/Fin-Minutes of the Apex Committee on Audit dated 4-12-2015.

### ORDER

1. Comptroller and Auditor General of India (CAG) performs audit of the departments of the State Government through Principal Accountant General (PAG)/Accountant General (AG), Kerala, covering Receipts and Expenditure Accounts on a regular basis. Audit is performed to ensure legality, regularity, economy, efficiency and effectiveness of financial management/administration of the Government functions through assessment as to:—

(a) *whether the financial statements are properly prepared, or complete in all respects and are presented with adequate disclosures (Financial Audit)*

(b) *whether the provisions of the Constitution, the applicable Laws, Rules and Regulations made there under and various Orders and Instructions issued by the Competent Authority are being complied with (Compliance Audit), and*

(c) *the extent to which an activity, programme or organisation operates economically efficiently and effectively (Performance Audit).*

Thus the audit is conducted to promote accountability, transparency and good governance and provide independent assurance to the stakeholders viz., the Legislature, the Executive and the Public that governance is done according to the rules and regulations of the Government.

2. Performance Audit in revenue/tax collection Departments of the Government is an important tool in the hands of the Departments to ensure that stipulated tax is imposed, assessed, collected and remitted to the Consolidated Fund of the State. The audit by the Principal Accountant General/Accountant General of Kerala is a regular feature in the departments of Commissioner, Commercial Taxes, Excise Commissioner, Inspector General of Registration and Director of State Lotteries of Taxes Department, Government of Kerala, and facilitates in augmenting revenue mobilization, compliance with the statutory obligations and improvement of effectiveness of the tax collection.

3. The audit process consists of entry meeting with the Head of the office, preparation of Audit Enquiry (AE), generating Audit Enquiry, furnishing reply to the Audit Enquiry by the auditee, generating draft Local Audit report and exit meeting at the initial stage. Preparation of Local Audit Report (LAR) in the office of the principal Accountant General, generation of Local Audit Report, generation of Draft Paras (DP), preparation and generation of Audit Report and placing the same before the Legislative Assembly. After the Audit Report is placed before the Legislative Assembly the same will be reviewed by the Public Accounts Committee (PAC) with the concerned Department and the Government at frequent intervals so as to ensure compliance of the audit findings, rectification of the omissions/commissions if any and taking follow up action to remedy and prevent repetition of the mistakes/shortcomings. The performance audit is also conducted from time to time, special audit

reports on important areas for the benefit of the department concerned to improve the governance. Thus the audit forms part of the good Governance in each of the departments and plays an important role in enabling Good governance according to the stipulated rules and regulations.

4. Though the audit process is expected to assist the departments, the departments are unable to utilize the full benefit of the valuable process and the suggestions/recommendations of the PAG/AG from time to time due to the following reasons:—

- The system is paper based and not amenable for easy monitoring and makes it difficult for institutionalizing good governance practices;
- The movement of paper/file across the levels in a Government Department/Auditors Office and Secretariat is time consuming and causes undue delay in initiating action for the corrective measures;
- Fixing accountability is very weak and follow up action is slow;
- Not possible to identify the common mistakes and take remedial action promptly across the field units of the Department;
- Same mistakes get committed year after year across the offices and the system is not enabled to cross check across the offices easily.

Thus the existing manual system is very slow, cumbersome and long drawn process and by the time the audit observations come for the review before the Public Accounts Committee, enough time would have been lapsed making the corrective action near to impossibility. Many a times, there is huge time lag between the Audit Enquiry and final review by the Public Accounts Committee, making the process frustrating and without much use. Hence no effective systematic improvement takes place.

5. Thus a need for improving the system of audit is felt by the stakeholders and decided to migrate the audit process from the existing “manual paper based system” to an “Online ICT based System” to address the problems plaguing the existing system. A group consisting of the Principal Accountant General/Accountant General, Experts from Kerala State IT Mission (KSITM), National Informatics Centre (NIC) and representatives of the Commercial Taxes, Excise, Registration and Lotteries Departments under the leadership of the undersigned Principal Secretary (Taxes) was formed to create an online system. The existing Panchayat Enterprise Suit under e-Panchayat Mission Mode Panchayat was leveraged to develop the “Online Audit platform” namely “**Ready Auditor**”. The illustrative process flow for Commercial Taxes Department, used for the “Ready Auditor” is given in Annexure I.

The Group thus developed “Ready Auditor” and tested in the Commercial Taxes Department with multiple controls, including in a simulated situation. The Platform has the following objectives/features:—

- A robust, scalable, enterprise version on a single platform to meet the needs of all the departments of the State.
- Ensures transparency, enables accountability and brings efficiency in the complete audit.
- Usable for both Internal/External Audit of the Government Departments, PRIs, ULBs etc.
- Captures complete process of the audit by seamlessly mapping the processes of Auditor/Auditee and between Auditor and Auditee and ensure reply and follow up instantaneously and amenable for analysis and monitoring.
- Enables access and usage by various units of the respective Departments with control and privacy and ensuring Confidentiality as required.
- Seamless flow of handling the audit at all stages in an intelligible way with linkage to transactional data at any stage and linkages with back-end data through uniform web service interface.

- Facilitates taking corrective measures and triggers training need assessment and capacity building.
- Facilitates constitution and managing audit teams and defining the audit schedule.
- Enables qualitative tags for audit observations into categories/sub-categories.
- Dynamically create forms to record details about a file/case (Case Record).
- Functions as E-office in the respective office, in an intelligible way amenable for analysis.
- Generate Local Audit Report/Draft Note/Draft Para/Draft Audit Para etc. as per Configurable Report Templates.
- Provides customizable dashboards.
- MIS Reports available in PDF sent to users through email.
- Ensures complete confidentiality with high levels of security.
- Technical architecture supports interoperation (data exchange) with other PES family products.
- Simple and User Friendly.
- Facilitates Transparency.
- SMS/e-mail Based Alerts/Notification on regular update(s) Supports multi-tenancy-multiple tenants in the same instance.
- Strong Authentication Mechanism.
- Work-Flow Enabled.
- Multilingual Support.
- Based on Open Source Technologies.
- Web-based and available 24x7.



6. The "Ready Auditor" has the following modules:

(a) *Configuration Module*

(i) Facilitates defining the tasks of the audit process, define its task mapping i.e. flow of movement of task from one designation to another and finally freezing the process flow which would be followed during the Audit process.

(ii) Category and Sub Category Facilitates defining various categories and sub categories in which auditor would categorize the recorded observations.

(iii) Dynamic form-Facilitates defining case sheet and fact sheet and capturing Auditor's input as per the defined parameters. The fact sheet basically defines parameters/fields on which Auditor records the observations against each category and sub category. For each category and sub-category there can be only one form with many fields which auditor department can create which would be used for recording certain figures/data. The case sheet, basically include certain basic details on which the Auditor records the defaulters information before recording the observations.

(b) *Audit Scheduler*

Facilitates formation of Audit Team, define audit schedule by assigning Auditee to the audit team and maintain its last Audited details.

(c) *Field Audit Module*

The Field level audit starts from the **Entry Meeting** which is agreed upon by both the auditor and auditee. The **Record Observation** process includes online recording of observations which the Auditor finds suitable which is verified by the Assistant Audit Officer (AAO) and finally approved and sent to the Auditee by the Audit Officer (AO). The Auditee provides his reply online, which the Auditor may accept and drop further action or reserve it for follow up action or include in the **Draft LAR**. At the end of field level audit Draft LAR is generated with all the accompaniments which are scanned and attached with each observation and same is forwarded to PAG/AG after conducting Exit Meeting.

(d) *Headquarters Section Module*

(i) At the HQ Section of the office of the PAG/AG, the Draft LAR is scrutinised, relevant modifications are incorporated by the Auditor, AAO and AO. The DAG approves the final LAR which is then sent to the Auditee.

(ii) The response for the LAR is approved and sent by the Controlling Officer of the Auditee to PAG/AG.

(iii) The responses to LAR paras are scrutinised at the HQ Section, and are either dropped/closed or converted to **Draft Notes** which are finally approved and sent to the Government and to the Head of the Department.

(e) *Draft Note Module*

(i) The responses to the Draft Notes are provided by the Government to the AG after correspondence with the concerned department.

(ii) The responses to Draft Notes are scrutinised by the HQ and Report Section of AG and the paras satisfactorily replied will be dropped/closed or converted to **Draft Paras**.

(f) *Report Section Module*

(i) Draft Para received from Headquarter Section Module is scrutinized and modification are made by AAO/AO/DAG and final Draft Para is approved by the PAG/AG.

(ii) Draft Para once approved by the PAG/AG is sent to Government and Head of Department for their responses only under the digital signature of PAG/AG.

(iii) The responses to Draft Paras are provided by Government to PAG/AG based on the comments of the concerned Head of the Department.

(iv) The responses for Draft Paras that are not accepted by the AG are converted to **Audit paras** by the report section which is approved by the AG and sent to the CAG for final approval.

(g) *Report generation Module*

Facilitates Auditors to view the Auditee accounts online/offline, record observations, generate Audit Enquiry and submission of it to Auditee for further action, maintain Audit records and generate Audit Report. The Auditor can generate various kinds of reports i.e., Audit Enquiry Report, Inspection Report, Draft Note and Draft Para, drop certain raised observations on which Auditee has provided satisfactory response and add the observations for further follow up so that these observations could be internally perused and followed up.

(h) *Notification Designer*

Facilitates configuring the notification for SMS/Email based alerts by defining various trigger points on which department wish to be notified. The notification could be configured depending on the requirement for individual modules like Process flow, Audit schedule etc.

(i) *Reports Module*

Reports can be generated on Audit Team Schedules, Office wise Pending observations, category and sub-categorywise list of pending observations, department wise pending observations, subjectwise pendency, office wise pendency, extent of revenue loss, extent of additional revenue mobilisation due to the audit etc. The agenda for the "Apex Committee on Audit" can be generated and monitoring can be made very effective at each level.

7. *Stakeholders.*—The stakeholders of the "Ready Auditor" are as follows:

- The Principal Accountant General (State PAG)/Accountant General (State AG).
- State Audit Department.
- Comptroller and Auditor General (CAG).
- Rural Local Bodies (District Panchayats, Block Panchayats, Village Panchayats and TLBs).

- Line Departments.
- Registered/Internal Auditors.
- Legislature Secretariate.
- State Government.

8. The "Ready Auditor" is hosted on the secure NIC Data Centre, Shastri Park, New Delhi managed and maintained by NIC, New Delhi. At the user level, the security is ensured by protected User IDs and Passwords and Digital Signatures. The application is properly security audited from time to time. A demo site is made available to facilitate trainings and hands-on sessions. For actual data entry and usage, the user may visit <http://auditonline.gov.in>. The site is accessible using Internet Explorer 7.0 and above, Mozilla Firefox 4.0 and above, Google Chrome 18 and above.

9. The "Ready Auditor" was demonstrated to the Public Accounts Committee meeting held on 7-10-2015 and the Apex Committee on Audit under the Chair of Chief Secretary to Government held on 4-12-2015, who approved for adopting the "Ready Auditor" and implementation.

10. The "Ready Auditor" developed by the National Informatics Centre, New Delhi under the guidance of the Taxes Department, Government of Kerala in collaboration with the Principal Accountant General/Accountant General and Kerala State IT Mission which is expected to bring accountability, transparency and efficiency in the existing system is now proposed to be implemented in the State.

11. In the circumstance, Government are pleased to accord sanction for implementing the "Ready Auditor", a digital platform for audit in Commercial Taxes, Excise, Registration and Lotteries Departments with the help of "User Manual" and with the training of concerned officials. The required hardware will be arranged by the respective stakeholder.

12. The "Ready Auditor" will be enabled for the use of the Legislature Secretariat with the formal approval of the Public Accounts Committee.

13. The KSITM will be the local contact point for any "trouble shooting". The contact mail id for any problem/clarification is [vinod.ksitmkerala.gov.in](mailto:vinod.ksitmkerala.gov.in). The contact point for any technical problems/clarifications is [manic@nic.in](mailto:manic@nic.in).

14. Finance Department will issue separate instructions for the use of "Ready Auditor" by other departments.

By order of the Governor,

DR. W. R. REDDY,

*Principal Secretary to Government.*

To

The Technical Director, National Informatics Centre, New Delhi.  
State Informatics Officer, National Informatics Centre,  
Thiruvananthapuram.

Director, Kerala State IT Mission, Thiruvananthapuram.

The Principal Accountant General (ERSA/SGSA), Kerala,  
Thiruvananthapuram.

The Principal Accountant General (A&E), Kerala,  
Thiruvananthapuram.

Commissioner of Commercial Taxes, Thiruvananthapuram.

Commissioner of Excise, Thiruvananthapuram.

Inspector General of Registration, Thiruvananthapuram.

Director, State Lotteries, Thiruvananthapuram.

Finance Department (vide U. O. No. 7091/PAC-A1/16/Fin.  
dated 2-2-2016).

Additional Chief Secretary to Government (Finance).

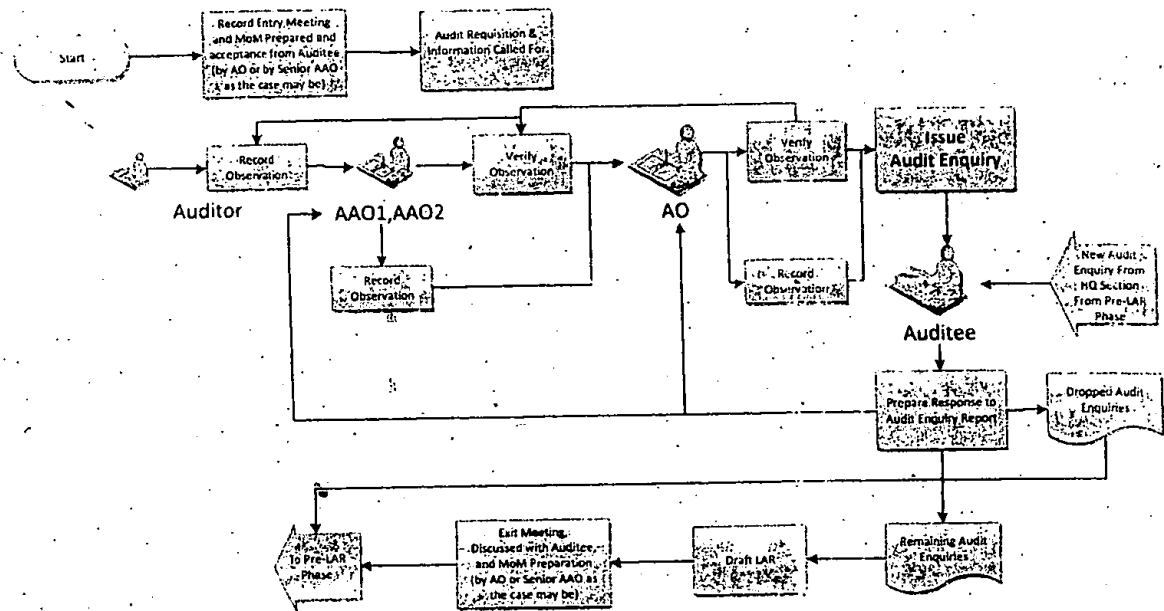
All the Secretaries/Principal Secretaries/Additional Chief  
Secretaries to the Government.

Stock File/Office Copy.

Online Audit

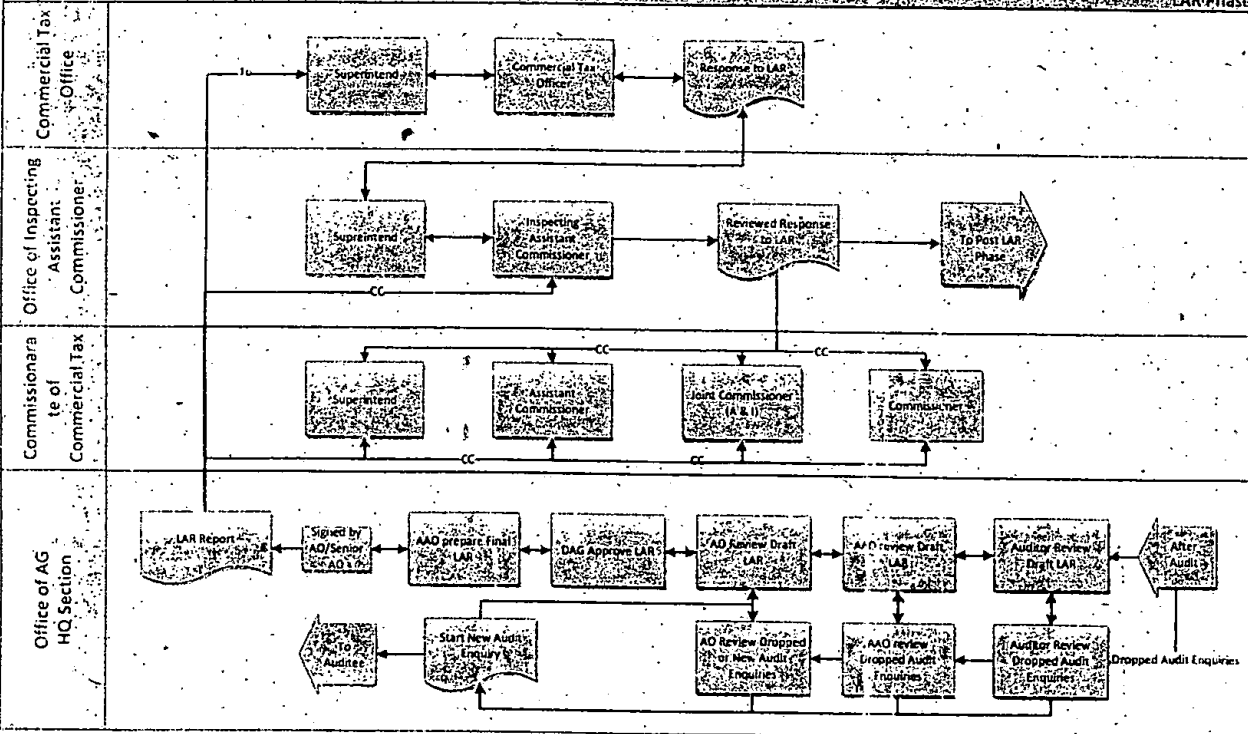
Audit Phase

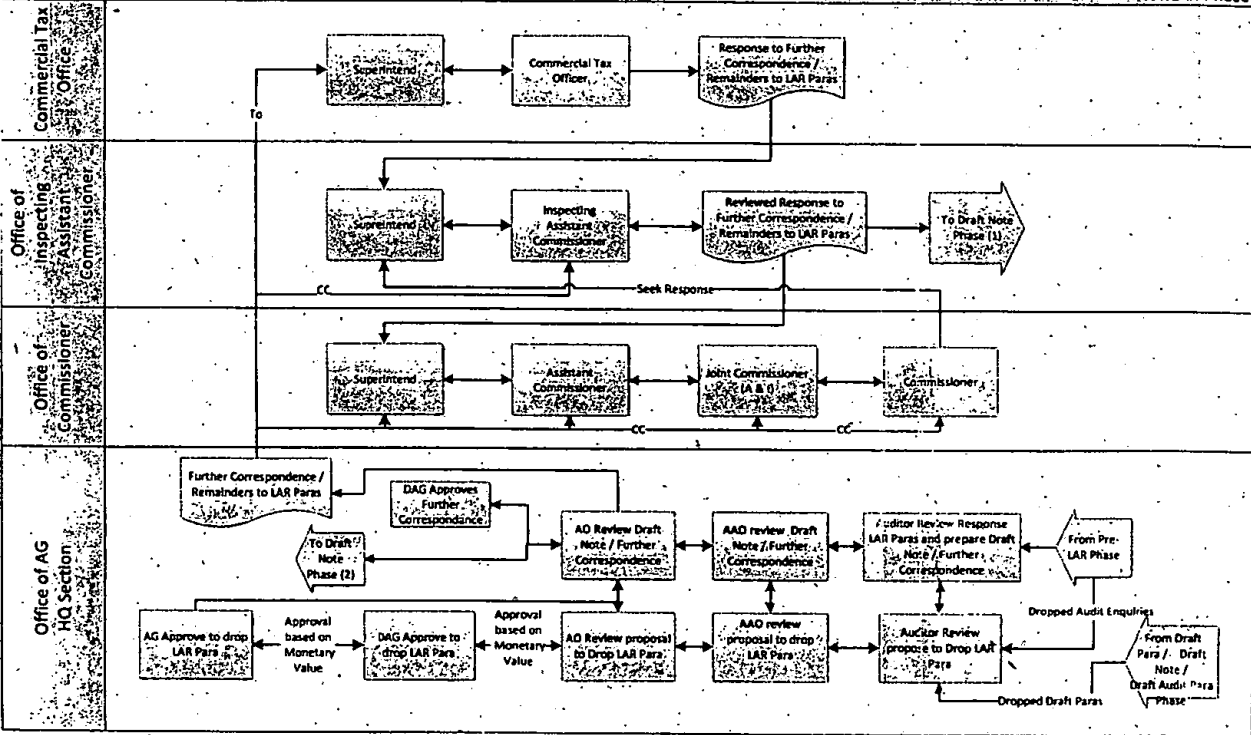
Commercial Tax Office  
(Office Audit Process)



Online Audit Process

LAR Phase

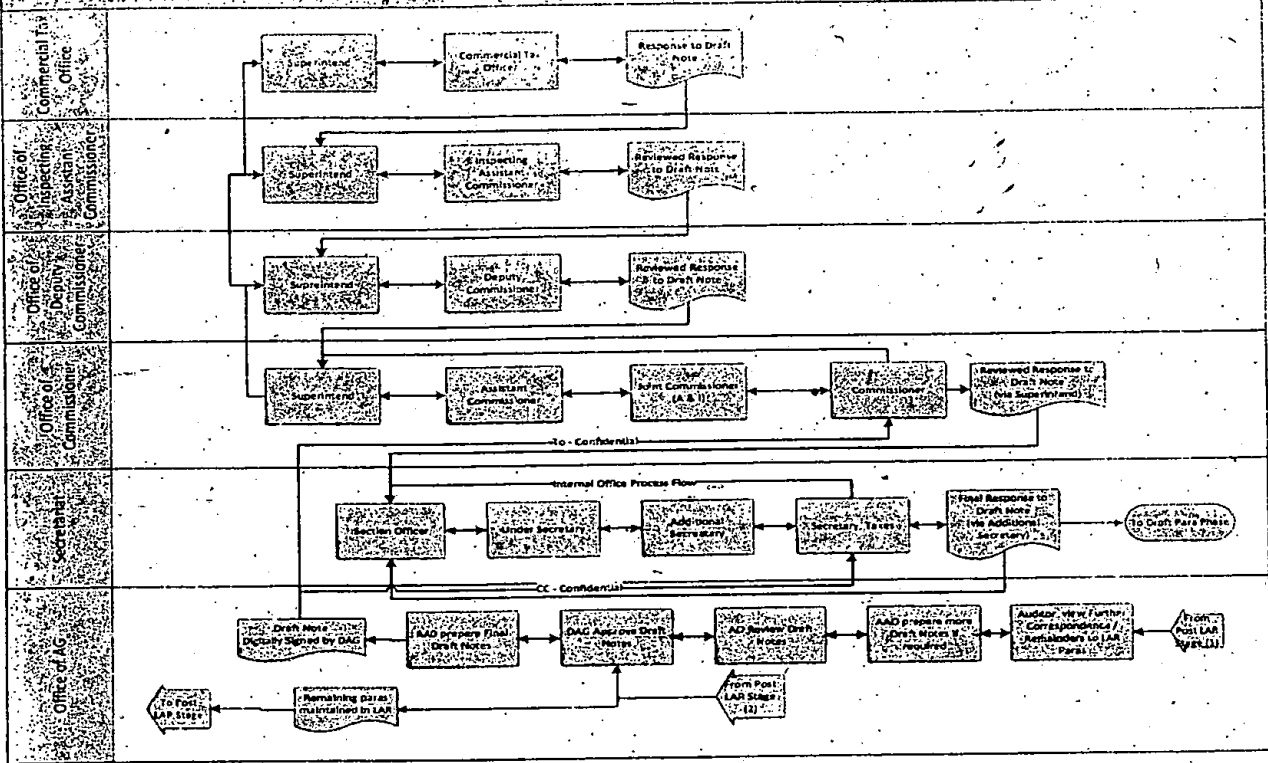






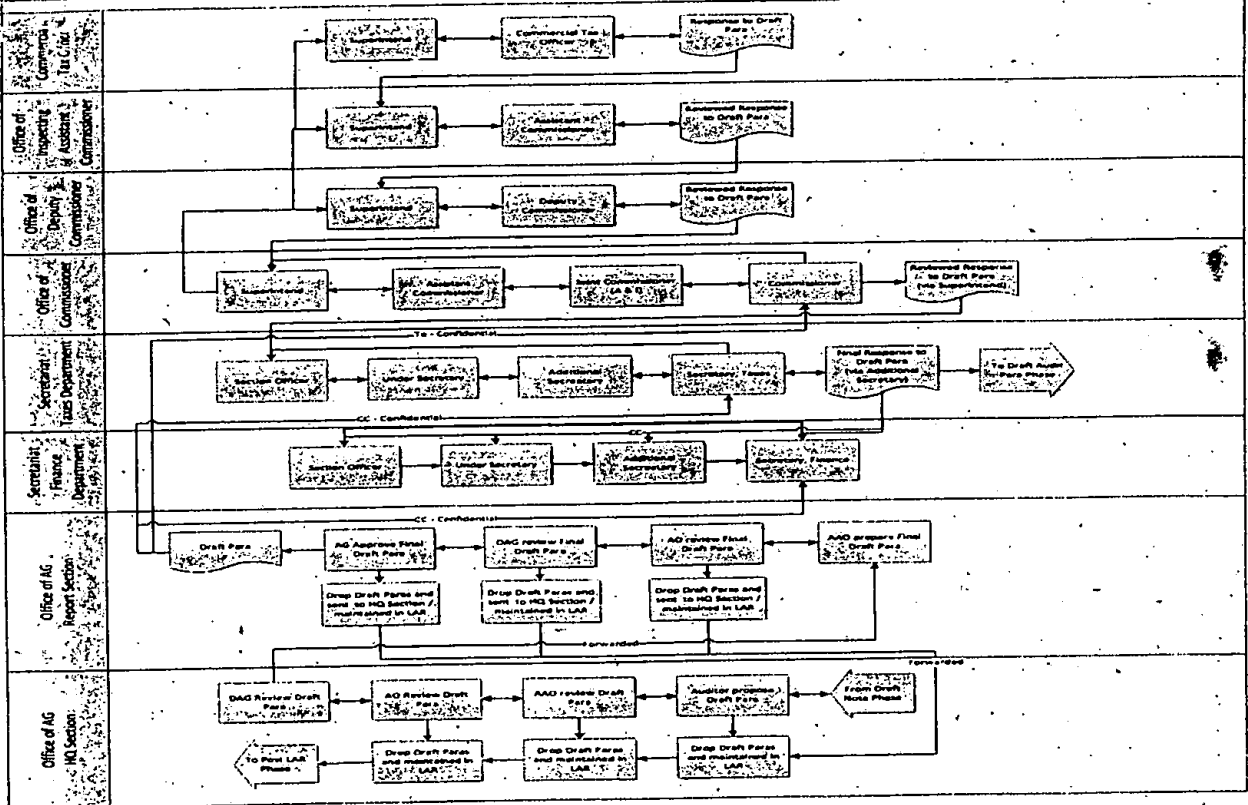
Online Audit Process

Draft Note Phase



Online Audit Process

Draft Para Phase



Online Audit Process

Draft Audit Para Phase

Office of AG  
Report Section

