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**Short Article****Role of Comptroller and Auditor General (CAG) in India****Dr. Anala A**

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The Comptroller and Auditor General (CAG) is an independent constitutional authority that plays a crucial role in securing accountability and transparency in the use of public funds. The CAG is an independent constitutional authority appointed by the President of India, and the Constitution of India defines its role. The CAG is responsible for ensuring that public funds are utilized efficiently, economically, and effectively and for ensuring there is no waste or misuse of public funds. This paper will mainly highlight the Constitutional Provisions for the Office of CAG Article 148, Article 149, Article 150, Article 151, and Article 279. It seeks to understand the appointment, Term & Removal of CAG. It also focuses on the provisions to safeguard and ensure the independence of CAG. The Duties of CAG and the issues in the office of CAG and the reforms needed.

Comptroller and Auditor General of India It is a body created in accordance with Article 148 of the Indian Constitution, and one of its primary responsibilities is to investigate all expenditures made possible by public funds by nonprofit organizations as well as the federal, state, and local governments. The company's main office is in New Delhi, India. In terms of importance, CAG is ranked ninth in India, the same place as an Indian Supreme Court justice. CAG is responsible for overseeing the Department of Indian Audits and Accounts. Including the allocation fraud involving the 2G spectrum and the allocation fraud involving coal mines, it is one of India's most significant financial fraud investigators. The President of India nominates CAG on the counsel of the Prime Minister.

Related Articles

As the most important officer under the Indian Constitution, Dr. B.R. Ambedkar has been given the title of Comptroller and Auditor General of India. According to the constitution, the CAG is ranked ninth, giving him the same authority as an Indian Supreme Court judge

Articles 148 to 151 of the constitution make reference to the CAG of India.

- **Article 148:**

The appointment, swearing-in, tenure, and removal of India's comptroller and auditor general are all covered in this article.

The president of the nation should appoint an Indian CAG, according to this article. The CAG cannot be reelected and has a six-year term that lasts until they turn 65, whichever comes first. If his misconduct or incompetence is established in both houses of parliament, the Indian President has the authority to remove him.

- **Article 149:**

The authority and obligations of the CAG are laid out in Article 149 of the Constitution. The accounting and auditing of the financial statements of the Indian government, state governments, and other government-owned businesses are among the responsibilities of the CAG that are discussed in this article.³

- **Article 150:**

Article 150 of the constitution details the Union's accounting. The Comptroller and Auditor General of India's suggestion is that the State take the shape that the President deems appropriate. The CAG advises the President to monitor the Union and State financial statements.

- **Article 151:**

The Indian Constitution's Article 151 applies to the audit report issued by the Comptroller and Auditor General of India.

The Indian President should receive this audit report from the Indian CAG regarding the Union's account. The CAG provides the state governor with reports pertaining to the state's account.

These reports must be presented to the appropriate houses.

Powers of the CAG in India

Article 148 of the Indian Constitution establishes the power of this office. It states the following in regards to the establishment and power of CAG:

The Comptroller and Auditor General of India is appointed by the President of India and is only subject to the same procedures and grounds for removal from office as a Supreme Court judge.⁴

- The individual appointed to this position must take the oath of office in front of the President or another individual appointed by the President's office.
- The Second Schedule contains the salary, service requirements, leaves of absence, pension, and retirement age set by the Indian Parliament, ensuring that neither the salary nor the service requirements will be changed in a way that disadvantages the incumbent during their tenure.
- After their term ends, neither the Indian government nor any state governments will be able to nominate the CAG for any additional positions.
- The provisions of the Indian Constitution, any Acts of Parliament, and the service requirements for the Indian Audits and Accounts Department, as well as the powers and duties of the CAG, are all subject to these restrictions. The rules governing these would be prescribed by the President in consultation with the incumbent.
- All administrative costs for this office, such as salaries, allowances, and pensions, will be charged to the Consolidated Fund of India.
- According to whichever comes first, the incumbent is appointed for a term of six years or until reaching the age of 65.⁵

Role of CAG in India

The duty of this office is to uphold the provisions of the Indian Constitution as well as the financial administration regulations established by Parliament. CAG reports ensuring that the executive (i.e., the council of ministers) is accountable to the Parliament in terms of financial management. The office is answerable to and acts as an agent for the Parliament, conducting expenditure audits on its behalf.

- The CAG is required to review the financial records in order to "determine whether funds shown in the accounts as having been disbursed were legally available for and applicable to the service or the purpose to which they have been applied or charged and whether the expenditure is in compliance with the authority that governs it."
- The office has the authority to conduct a proper audit, which entails investigating the "wisdom, faithfulness, and economy" of government spending and making judgments about how wasteful it is. The propriety audit is optional, in contrast to the legal and regulatory audit, which the CAG is required to conduct.
- The secret service expense limits the CAG's capacity to carry out audits. The CAG is not allowed to ask for specifics regarding the costs incurred by the executive agencies in this regard; instead, he must accept a certificate from the relevant administrative authority attesting to the fact that the costs were incurred as stated under his supervision.⁶

This position is designated as Comptroller and Auditor General by the Indian Constitution. But in reality, the current officer only performs the duties of an Auditor-General, not a Comptroller. In other words, "the office has no control over the release of funds from the consolidated fund and many departments are authorized to draw funds by issuing checks without express permission from the CAG, which is only concerned at the audit stage after the expenditure has already occurred."

CAG Reports

The three CAG Reports, as mentioned above, address various aspects of public audits. These audit reports are briefly described in the following sentences:

- Audit Report on Appropriation Accounts: The appropriation accounts show how the money allocated by the legislature was distributed among the various grants and heads of expenditure, as well as whether or not the funds allocated for a given purpose were actually used for that purpose.
- The Finance Accounts show the accounts of annual receipts and expenditures throughout the year, according to the audit report on the Finance Accounts.
- The finances and expenses of various public sector undertakings (PSUs) are covered in this audit report on public undertakings.

In a nutshell, the audit report details instances of financial irregularities, losses, frauds, wasteful expenditure, and comments thereon, as well as information about the accuracy of budgeting, controlling expenditure, making savings, etc. The CAG provides "audit paras" criticizing the departments' public spending. These "paras" are created following an event by the CAG staff and thorough discussions with the senior staff of the department in question. The finalized 'paras' are subsequently brought before the Parliament, where the concerned parliamentary committee that deals with the affairs of a particular ministry or department disposes of each 'para.'

The audit reports' format is constantly being reviewed and has changed occasionally. The goal remains the same regardless of the structure; preventing financial loss must always be done. They draw attention to business dealings that haven't turned out to each department is alert as the report focuses on the omissions because the report might leave behind negative and unwanted publicity.⁷ The Comptroller and Auditor General's office adheres to the following procedures when preparing and submitting an audit report:

- To begin with, "Inspection Reports" of each unit/organization are prepared and sent to them during the audit's course of inspection of the various organizations. Approximately 72,000 inspection reports are sent annually. They are asked to make the

necessary changes, and their development is also monitored. The annual audit reports contain information on the key topics from these inspection reports.

- The audit reports go through stringent quality assurance processes and are countersigned by the CAG before being delivered to the President.

Following their submission to the legislature, the legislature in turn, turns them over to the relevant parliamentary committees for review.

- The reports of all the departments, including Railways, Post and Telegraph, and other departmental undertakings, are handed over to the Public Accounts Committee (PAC).
- The Committee on Public Undertakings (COPU) receives reports about corporations and businesses.

Every year since 1989, the CAG has released an Annual Activity Report for each department in order to assess the department's overall performance and to provide detailed information about the department's operations to anyone who is interested.⁸ It accomplishes two tasks at once: it facilitates future planning and offers a thorough and accurate picture of the current situation.

Functions of the CAG in India

Audit of Expenditure

The CAG's primary responsibility is to audit every expense made with federal and state tax money. It should be noted right away that this office's audit is a financial audit rather than an administrative one. An audit of the administrative apparatus's organizational, personnel, and technical operations is included. However, the CAG can examine whether a specific executive action complied with the established laws and approved financial procedures and whether it caused any extravagance or loss when it has severe negative financial repercussions or implications. In parallel, a brand-new field called discretionary audit has appeared. The Public Accounts Committee's recommendations and a broad interpretation of the powers granted by the statute serve as the foundation for the discretionary audit.

The Public Accounts Committee was advised to "encourage the CAG to scrutinize and criticize improper and wasteful expenditure and to indicate whether he believes censure is necessary, even more than in the past." In actuality, the discretionary powers have surpassed the statutory ones in importance. Much is dependent on the incumbent's method and stance. Since there are no established guidelines for discretionary audits, no specific audit area can be specified. However, it should be noted that discretionary audit places a strong emphasis on conducting investigations and compiling reports on any unnecessary or unjustified spending on contracts and significant transactions. The statutory audit is also referred to as a "regularity audit" because its main objective is to determine whether rules and procedures have been followed in accordance with fundamental statutes, regulations, essential requirements for audit and accounts, and general or specific orders issued by higher authorities. Additionally, it entails "general adherence by the sanctioning and spending authorities to the broad principles of orthodox finance." Observing that the office is also interpreting the rules, orders, and statutes while determining whether the expenditure complies with the rules, regulations, laws, and enactments, former CAG T.N. Chaturvedi makes this point.⁹ As a result, it qualifies as a statutory, quasi-judicial, and constitutional body under the Indian Constitution.

Audit of Government Undertakings

The CAG also conducts an audit of the businesses run by the federal and state governments.

Commercial undertakings exist in three forms:

- Departmental projects follow a departmental structure.
- Statutory corporations that are primarily under the control of the government and created by particular laws of the Parliament.
- The Indian Companies Act of 1956 established government corporations as either private or public limited businesses.

Audit of Appropriation

The appropriation audit makes certain that the grants are used for the intended purpose. With the help of this audit, the CAG is able to confirm that the expense under audit falls within the scope of the grants and that it was incurred for the designated purpose for which it was approved by the legislature.

- Some cases that show a discrepancy between the estimates and the actual turnout may surface during this process. A scrutiny of such cases has to be made.
- Additionally, it checks to see if any funds have been transferred from one head to another and that they adhere to the authority granted.

As a result, it is a document that discloses a variety of government transactional details. As opposed to an accounting audit, the audit of the appropriation does not use a test basis. It must be in-depth, comprehensive, and finished. In order to confirm that the legislative intent has been upheld, every payment is double-checked in the books to the appropriate head of service.¹⁰ The main goal of this audit is to confirm that the financial information provided by the concerns wholly and accurately depicts all of their various financial aspects. Due to the substantial public funding involved, the public has a significant stake in the success of these endeavors. As a result, in addition to the other parliamentary and ministerial checks on these undertakings, they are also under the audit control of this office. The CAG is the only auditor in matters involving departmental undertakings.

- According to the Acts that govern how government corporations are formed, either the CAG or auditors chosen by the government will audit the corporations' financial statements.

● In 1956, a system was developed to allow direct communication between the audit and administration representatives in order to avoid these pitfalls. As a result, the secretaries of each department were given the authority to speak directly to the relevant Accountant General regarding any objections they felt were unjustified. If these talks come to a dead end, the secretary may bring the issue up with the CAG personally. Although the system had excellent support in the beginning, it is now gradually losing its utility. The analysis that came before emphasizes the importance of audit as a tool for parliamentary and financial control. The Chief Accountant General (CAG) is likely India's most important officer because it is he who ensures that the expenses approved by Parliament are properly used, B. R. Ambedkar noted during discussions in the Constituent Assembly. It's possible that he will draw criticism for the audit's excessive criticism, obsession with the small print, etc., but that's exactly why this office was created in the first place. The CAG safeguards public funds against the reach of arbitrary power and, in that sense, is an essential and most useful dignitary of the state.

Independence of Office of CAG

- Security of tenure: The president may only remove him using the procedures outlined in the Constitution. Therefore, despite being appointed by the president, he does not hold office until the president so chooses.
- Re-appointment: After leaving his position, he is ineligible for any additional positions with the Indian government or any state's government.
- The Parliament sets the terms of his employment, including his salary. He makes the same amount of money as a Supreme Court judge.¹¹
- Following his appointment, neither his pay nor his rights regarding leaves of absence, pensions, or retirement ages may be changed to his detriment.
- After consulting with the CAG, the president establishes the terms of employment for those working for the Indian Audit and Accounts Department as well as the CAG's administrative authority.
- The administrative expenses of the CAG office, including all salaries, benefits, and pensions, shall be borne by the Consolidated Fund of India. As a result, Parliament cannot vote on them.
- No minister may speak on behalf of the CAG in the Parliament (both Houses) or be asked to accept accountability for any of his deeds.

Some issues faced by CAG

1. Government Inaction: The CAG generally finds that his reports end up in the government's junk file. Many times government just ignores CAG findings.
2. Periodicity: There is no deadline for the submission of documents and responses, and there are no disciplinary actions for doing so.
3. Less independence: If the reports are not introduced in the legislature within a month of their submission, the CAG is not permitted to release them in the public domain. In addition, unlike Parliament's Public Accounts Committee, CAG is not able to impose any of its conclusions by decree.¹²
4. Post-expenditure Audit: Unlike the British CAG, the CAG in the United States conducts audits after expenditures have been made, making it more of an auditor.
5. Proprietary Audits: The proprietary audits are up to CAG's discretion, which is another problem.

Reforms Needed

Ensuring Independence

- In order to ensure that the head of their Supreme Audit Institution operates independently and is not influenced by the Executive, whose performance he is required to evaluate and give an audit opinion on attaining the objectives, the majority of nations have passed laws establishing certain qualifications as well as the process of appointment.
- The Chairman of the Committee of Public Accounts and the Prime Minister will jointly choose the CAG, according to the Exchequer and Audit Act of the United Kingdom, as amended in 1983. The CAG will then be approved by the House of Commons.

Transparency in Appointment:

- India must set up a formal system to guarantee fairness and objectivity in the CAG selection procedure.
- Those who fit these criteria might be listed. After that, a high-level committee may assess the candidates' personalities and suggest to the president a list of three candidates, only one of whom can be appointed.

Curbing Delays:

- Auditors should be granted priority access to records within seven days,¹³ just like citizens have the right to do so under the RTI Act of 2005, and if they aren't, heads of departments should be required to explain what delayed them.