

Comptroller & Auditor General (CAG)

Nature of the institution

- It is the supreme audit institution in the country. Constitution does not define the meaning of auditing. There is a misperception in the govt. as it auditing is accounting. and as if Comptroller & Auditor General is the 'munim' of govt.
- If we go by practices in other countries, the purpose of auditing is accountability rather than accounting.
- No. of times, ministers in India have pointed that CAG has no role in policy recommendations. This is a misunderstanding of both the office as given in Constitution of India & the practices found world wide.
- CAG is an important institution to maintain the rule of law & to ensure that govt. acts with responsibility, govt. acts in the interest of the ~~people~~ & not in self interest.

Nehru
ignore CAG
Corruption
in Defence.
1962 war.

Responsibilities of CAG

- To detect leakages & wastages & to ensure that things move in the direction where they should go;
- It is a critical link in the chain of accountability.
- It has to ensure good practices in administration.
- It is a friend, philosopher & guide of Public Accounts Committee.

- It can ensure mid term course correction of a policy.
- Executive accountability to Parliament is not enough & Executive cannot have discretionary powers.

Importance of the institution

- Kautilya has mentioned the necessity to keep check on govt. officials. According to Kautilya, it is not possible to keep honey on the tongue & not taste it. Similarly it is not possible for govt. officials holding govt. funds & not use it for prl. ends.

Kautilya also writes that a fish swimming in the water, it is not possible to detect when it will drink water.

The ways of embezzlement are many. Hence, king has to employ various means to check corruption.

Views of Dr. S. Radhakrishnan

- Ours is a poor country. We cannot afford the wastage of money. CAG should not shrink away from telling the truth, even when offending man is in highest position. It is for this reason Constitution has created an autonomous institution. Unlike in Britain, CAG is not official of Parliament.

Views of Ambedkar

- The most important Constitutional office. even more important than Judiciary & CAG should be given more independence & powers than Judiciary.

Nature of institution under Constitution

- We have an integrated CAG for auditing of both Union & state govt.
- Though the term Comptroller is used but in India CAG does not have the role of Comptroller which is desirable.
- CAG is appointed by President. There is no specific qualification prescribed. Present system is not transparent.
There is no selection Committee. The trend is to appoint the favourites of govt. officials of Secretary Rank.
- Constitution creates autonomous institution
 - He can be removed only in the similar manner like judges of SC.
 - The ^{admn.} expenditures are charged on Consolidated Fund of India.
 - He is not eligible for further employment under Central or State govt.

same
withdrawal
of money.

salary &
EE not
CPI

Duties of CAG

- He has to perform such audits w.r.t. accounts of Union & States or any other authority prescribed by Parliament by Law.

CAG (Duties & Power) Act 1971 mentions his functions & service conditions.

Auditing Practices

- Compliance audit
- Financial audit
- Performance audit
- Social audit

Reforms of CAG

- There was a suggestion to make it a multi member body like that of Election Commission. However this is not desirable. Because the nature of functions performed by the 2 institutions are different. For decisions related to the conduct of elections, decisions can be by consensus or by majority. However in estimates decisions cannot be by majority.
- ~~Splitter.~~