

Chapter - 24

COMPTROLLER AND AUDITOR GENERAL OF INDIA

The Constitution of India (Article 148) provides for an independent office of the Comptroller and Auditor General of India (CAG). He is the head of the Indian Audit and Accounts Department. He is the guardian of the public purse and controls the entire financial system of the country at both the levels – the centre and the state. His duty is to uphold the Constitution of India and laws of Parliament in the field of financial administration. This is the reason why Dr. B.R. Ambedkar said that the CAG shall be the most important Officer under the Constitution of India. He is one of the bulwarks of the democratic system of government in India; the other being the Supreme Court, the Election Commission and the Union Public Service Commission.

APPOINTMENT AND TERM

The CAG is appointed by the president of India by a warrant under his and seal. The CAG, before taking over his office, makes and subscribes before the president an oath or affirmation :

1. To bear true faith and allegiance to the Constitution of India;
2. To uphold the sovereignty and integrity of India;
3. To duly and faithfully and to the best of his ability, knowledge and judgement perform the duties of his office without fear or favour, affection or ill-will; and
4. To uphold the Constitution and the laws.

He holds office for a period of six years or upto the age of 65 years, whichever is earlier. He can resign any time from his office by addressing the resignation letter to the president. He can also be removed by the president on same grounds and in the same manner as a judge of the Supreme Court. In other words, he can be removed by the president on the basis of a resolution passed to that effect by both the Houses of Parliament with special majority, either on the ground of proved misbehavior or incapacity.

INDEPENDENCE

The Constitution has made the following provisions to safeguard and ensure the independence of CAG :-

1. He is provided with the security of tenure. He can be removed by the president only in accordance with the procedure mentioned in the Constitution. Thus, he does not hold his office till the pleasure of the president though he is appointed by him.
2. He is not eligible for further officer, either under the Government of India or of any state, after he ceases to hold his office.
3. His salary and other service conditions are determined by the Parliament. His salary is equal to that of a judge of the Supreme Court.
4. Neither his salary nor his rights in respect of leave of absence, pension or age of retirement can be altered to his disadvantage after his appointment.
5. The conditions of service of persons serving in the Indian Audit and Accounts Department and the administrative powers of the CAG are prescribed by the president after consultation with the CAG.
6. The administrative expenses of the office of the CAG, including all salaries, allowances and pensions of persons serving in that office are charged upon the Consolidated Fund of India. Thus, they are not subject to the vote of Parliament.

Further, no minister can represent the CAG in Parliament (both Houses) and no minister can be called upon to take any responsibility for any actions done by him.

DUTIES AND POWERS

The Constitution (Article 149) authorises the Parliament to prescribe the duties and powers of the CAG in relation to the accounts of the Union and of the states and of any other authority or body. Accordingly, the Parliament enacted the CAG's (Duties, Powers and Conditions of Service) act, 1971. This Act was amended in 1976 to separate accounts from audit in the Central government.

The duties and functions of the CAG as laid down by the Parliament and the Constitution are;

1. He audits the accounts related to all expenditure from the Consolidated Fund of India, consolidated fund of each state and consolidated fund of each union territory having a Legislative Assembly.
2. He audits all expenditure from the Contingency Fund of India and the Public Account of India as well as the contingency fund of each state and the public account of each state.
3. He audits all trading, manufacturing, profit and loss accounts, balance sheets and other subsidiary accounts kept by any department of the Central Government and state governments.
4. He audits the receipts and expenditure of the Centre and each state to satisfy him self that the rules and procedures in that behalf are designed to secure an effective check on the assessment, collection and proper allocation of revenue:
5. He audits the receipts and expenditure of the following :
 - (a) All bodies and authorities substantially finance from the Central of state revenues;
 - (b) Government companies; and
 - (c) Other corporations and bodies, when so required by related laws.
6. He audits all transactions of the Central and state governments related to debt sinking funds, deposits, advances, suspense accounts and remittance business. He also audits receipts, stock accounts and others, with approval of the President, or when required by the President.
7. He audits the accounts of any other authority when requested by the President or Governor. For example, the audit of local bodies.
8. He advises the President with regard to prescription of the form in which the accounts of the Centre and the states shall to be kept (Article 150).
9. He submits his audit reports relating to the accounts of the Centre to President, who shall, in turn, place them before both the Houses of Parliament (Article 151).
10. He submits his audit reports relating to the accounts of a state to governor, who shall, in turn, place them before the state legislature (Article 151).
11. He ascertains and certifies the net proceeds of any tax or duty (Article 279). His certificate is final. The net proceeds means to proceeds of a tax or a duty minus the cost of collection.
12. He acts as a guide, friend and philosopher of the Public Accounts Committee of the Parliament.
13. He compiles and maintains the accounts of state governments. In 1976, he was relieved of his responsibilities with regard to the compilation and maintenance of accounts of the Central Government due to the separation of accounts from audit, that is, departmentalization of accounts.

The CAG submits three audit reports to the President – audit report on appropriation accounts, audit report on finance accounts, and audit report on public undertakings. The President lays these reports before both the Houses of Parliament. After this, the Public Accounts Committee examines them and reports its findings to the Parliament.