

Comptroller & Auditor General

During the 4th Audit Diwas event in New Delhi, Lok Sabha Speaker Shri Om Birla highlighted the critical role of the Comptroller & Auditor General (C&AG) in promoting accountability, transparency, and good governance.

About Comptroller and Auditor General of India (CAG):

Basics:

- **Independent Constitutional Office:** Established under Article 148, CAG ensures accountability in public financial administration.
- **Guardian of Public Purse:** Oversees the entire financial system at both Central and State levels.
- **Appointment and Tenure:**
 - Appointed by the President by warrant under his hand and seal.
 - Holds office for six years or until age 65, whichever is earlier.
- **Salary and Service Conditions:** Determined by Parliament and charged upon the Consolidated Fund of India.
- **Non-Eligibility for Further Office:** Post-retirement, the CAG cannot hold office under Central/State Governments.

Relevant Articles:

- **Article 149:** Parliament defines CAG's duties and powers.
- **Article 150:** Determines the format of Union and State accounts on CAG's advice.
- **Article 151:** CAG reports submitted to the President and laid before Parliament.
- **Article 279:** Certifies net proceeds of taxes, binding on the government.

Powers and Duties of CAG:

- **Audit Financial Transactions:** Audits expenditures from the Consolidated, Contingency, and Public Accounts of India and states. Also examines receipts, debts, and remittances of the government.
- **Scrutiny of Revenue:** Ensures effective rules for revenue assessment, collection, and allocation.
- **Audit of Local Bodies:** Audits transactions of local authorities and government-funded bodies upon request.
- **Formulation of Accounts:** Advises the President on the format for maintaining Union and State accounts.
- **Reporting to Legislatures:** Submits audit reports to the President (Centre) and Governors (States) for legislative scrutiny.
- **Public Accounts Committee Role:** Acts as a guide and advisor to PAC, assisting in scrutinizing government expenditures.

Challenges and Issues:

- **Limited Powers:** Cannot enforce compliance for timely information.

- **Ambiguity in Scope:** Lack of clarity on auditing Public-Private Partnerships (PPPs) and power distribution companies.
- **Secret Service Expenditure:** Cannot audit such expenditures; relies on administrative certifications.
- **Delays in Reporting:** Significant reduction in CAG reports over recent years.
- **Conflict of Interest:** Appointment process influenced by the Executive, raising transparency concerns.
- **Single-Member Structure:** Debate on converting the CAG into a multi-member body for better decision-making.

Recommendations for Reform

- **Expand Audit Scope:** Include PPPs, Panchayati Raj Institutions, and government-funded societies.
- **Strengthen Appointment Process:** Create a collegium-style mechanism for CAG selection.
- **Enhance Powers:** Amend the CAG Act of 1971 to include punitive measures for non-compliance.
- **Timely Access to Information:** Mandate access to records within seven days; penalize undue delays.
- **Transparency and Independence:** Adopt international best practices to ensure independence in selection and functioning.
- **Capacity Building:** Equip CAG to audit emerging areas like SDGs and Goods and Services Tax (GST).

Conclusion:

The CAG is indispensable for ensuring financial accountability and transparency in governance. Strengthening its powers and operational framework will enhance its effectiveness, fostering public trust in fiscal administration.