

24.02.21

Comptroller & Auditor General of India (CAG)

Article 148-151

Control over public expenditure is an essential & inherent feature of Indian Parliamentary Democracy. As a Representative body it is required for the Parliament to ensure that Public Money should be used much more carefully & prudently & no waste of resource occurs by dispersing & spending authority. Although due to want of time & lack of technical competence it is almost impossible for the Parliament to exercise effective financial control over different ministries & department of govt. of India. Subsequently this function of financial control & oversight is done by an independent & autonomous authority called as the Office of CAG.

CAG is the protector of public money & guardian of public purse.

CAG also incorporates the instrumental norms of financial economy for the practice of sound financial administration.

Although the office of CAG is not as empowered as the auditor of British Parliamentary practices it is because in Britain Parliament is sovereign & the auditor also has the jurisdiction on issue of money. However, the power, authority, jurisdiction, status & position of CAG is much more than other constitutional bodies like Election Commission & UPSC in India. —

⇒ CAG is appointed by official warrant & seal of President although the same appointment process has not been followed for the chairman & members of UPSC.

ii) The service condition for the office of CAG are determined by Parliament, it means any change or modification in the service condition would only be done only by parliamentary law. However, the service condition of Election Commissioners are determined by President of India.

iii) Section 23 of CAG Act 1971, provides that the principles of auditing would be determined only by the office of CAG & any auxiliary or subsidiary function related to auditing would come under the ambit of CAG or not, the decision would be taken only by the office of CAG.

It should be noted that the same authority is not enjoyed by other bodies like Election Commission & UPSC.

iv) The salary, allowances & other expenditure for office of CAG are charged over Consolidated Fund of India. Although the salary & allowances

but the subject of made expenditure.

- v) CAG is removed based on the same ground & process by which a judge of Supreme Court is removed although the same type of protection is not provided to bodies like UPSC.

Mandate of CAG

1. Audits performed by the office of CAG

In our Constitutionally mediated parliamentary system the office of CAG performs several types of audit —

- a) Audit of Appropriation
- b) Audit of Authority
- c) Audit of Classification
- d) Audit of Efficiency, Economy, Effectiveness
- e) Audit of Propriety.

Under

a) Audit of Appropriation CAG verifies that whether mis-appropriation of fund has taken place under ^{the} ministry or not & whether any re-appropriation within the ministry had taken place on rational, economical or financial grounds or not.

b) similarly, under Audit of Authority, tendencies like misfeasance (misinterpretation of law & using the authority), overfeasance, (Abuse or misuse of authority), malfeasance, (No use of authority ~~is~~ at all) has taken place within the ministry or not.

c) At the same time, under the Audit of Efficiency, Economy & Effectiveness, CAG assures that optimum use of natural & physical resources should be done by the ministry & the ministry should not involve itself in any type of extravagant, uneconomical & exaggerated expenses & all the policies, programmes & schemes of central & state govt. should attain their desired target &

should provide financial outcome for public spending.

- d) Audit of Propriety is different from other audits on the ground that here, CAG does not verify the legality of any financial transactions but CAG examines that the community recognised principles of propriety like ethics, morality, wisdom, faithfulness have been obtained by discharging authority or not. It means, here, the office of CAG, using his own discretion, curtail down the use of discretionary power of administration.

Evaluation

Most of these categories of audits are coercive in their practices since they prune down tendencies like innovation, decisiveness, pro-activeness & sometimes assertiveness on the part of administration.

From this it is a post-mortem

function performed by the office because after the irregularity & illegal practices the matter get highlighted. ~~althog~~ Although, the audit report of CAG also provides ~~he~~ a way for administrative reform, organisational restructuring & ~~insit~~ institutional probity at the govt. level.

2. Mandate in Policy Matters

In legal, constitutional terms, the office of CAG is not authorised to question any policy prerogative pronounced by GOI or State govt. It is because the demarcation, formulation, & delib~~itation~~ation of a policy remains the exclusive privilege of govt. in power.

CAG as a protector of public money & guardian of public purse can question the efficiency & financial impact of each policy without considering the ~~validity~~ ~~of~~ concerned policy

It is ^a the part of its mandate, indeed a duty to point out financial implications of any policy decision & it is perfectly legitimate for the office of CAG to address the question whether windfall profit is given to a favoured individual or not & the people at large get benefitted by such policies or not.

3. Commenting on Policies & financial transactions :

CAG is bound by its oath to uphold the Constitution. Although the Constitution does not clarify whether CAG is authorised to ~~can~~ comment on a policy of govt. or not. However, if a govt. formulate a policy scheme or programme that appropriate money out of public fund then the CAG is completely authorised to comment on such transactions.

Internationally there are auditors like
National Audit Office of Britain, &
Governmental Accountability Office of USA,
published several reports in which they
are commenting & questioning the policy
prerogatives of respective govt.

In context to India, the office of CAG is
also authorised to comment since he
can go into the entire ~~gamut~~ gamut
of audit function.