



2023 Records Lowest Number of CAG Audits

For Prelims: Appointment and Removal of [Comptroller and Auditor General](#), Constitutional Provisions Related to CAG.

For Mains: Role of Audits in Democracy like India, Duties of CAG

[Source: TH](#)

Why in News?

In the calendar year 2023, only **18 audit reports on the Union government's accounts**, prepared by the [Comptroller and Auditor General \(CAG\)](#), were tabled in [Parliament](#). A year-wise analysis shows that the number of audits on the Union Government tabled in Parliament has been decreasing.

- On average, **22 reports were tabled each year between 2019 and 2023**, compared to the 40 reports tabled between 2014 and 2018

What is the Office of CAG?

- **About:**
 - **Comptroller and Auditor General of India**, is a constitutional authority which heads the **Indian Audit and Accounts Department (IA&AD)**. The two entities are known as the **Supreme Audit Institution of India (SAI)**.
- **Mandate:**
 - As a **“Guardian of the Public Purse”**, CAG is vested with the responsibility of **inspecting and auditing all the expenditure of both the Central and the State Governments** as well as of those organizations or the bodies which the government significantly funds.
 - This is the reason why **Dr. B.R. Ambedkar** said that the CAG shall be the most important Officer under the Constitution of India.
- **Constitutional Provisions:**
 - **Article 148** provides for an independent office of the CAG.
 - Other Provisions Related to CAG include: **Articles 149-151 (Duties & Powers, Form of Accounts of the Union and the States and Audit Reports)**, Article 279 (calculation of net proceeds, etc.) and **Third Schedule** (Oath or Affirmation) and Sixth Schedule (Administration of Tribal Areas in the States of Assam, Meghalaya, Tripura and Mizoram).
- **Appointment:** The CAG is appointed by the [president of India](#) by a warrant under his hand and seal.
 - 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.
- **Tenure:** Period of 6 years or until attaining the age of 65 years whichever is earlier.
- **Removal:** Removal of the CAG from office requires a specific process: **an order from the President** after receiving an address from each House of Parliament.

- For removal to take effect, the **address must be supported by a majority of the total membership of that house** and by at least a **two-thirds majority of the members present and voting** in the same session.
- Grounds for removal include **proved misbehavior or incapacity**.
- **Provisions of Independence:** Major provisions include-
 - The CAG's salary and **expenses are charged upon** the Consolidated Fund of India.
 - CAG is provided with the **security of tenure** and does not hold office till the pleasure of the president, though he is appointed by him.
 - Upon relinquishing the office, the **CAG is barred from holding any subsequent position within either the Government of India or any State Government**, maintaining the independence and integrity of the office.

What is the Role of Audits in a Democracy like India?

- **Transparency and Accountability:**
 - **Public Trust:** Audits instill **confidence in the public regarding how taxpayer money is utilized**, ensuring transparency in government operations.
 - **Accountability:** They hold government bodies and officials accountable for their financial decisions and actions, preventing misuse or misallocation of public funds.
- **Preventing Financial Mismanagement:**
 - **Detecting Errors and Fraud:** Audits help uncover **errors, discrepancies, or potential fraudulent activities**, ensuring corrective actions are taken promptly.
 - **Budget Compliance:** They verify if financial activities align with budgetary allocations, preventing overspending or unauthorized expenditures.
- **Improving Efficiency and Effectiveness:**
 - **Identifying Inefficiencies:** Audits highlight inefficiencies in processes, allowing for improvements and **cost-saving measures**.
 - **Performance Assessment:** They assess the effectiveness of government programs and initiatives, **guiding future policy decisions for better outcomes**.
 - **Enhancing Decision-Making:** Audit reports provide valuable insights for policymakers, aiding in informed decision-making for better governance.
- **Global Standards and Collaborations:** Audits meeting global standards improve the country's standing in international financial communities, facilitating collaborations and partnerships

Note: The Constitution of India envisions the CAG as both the **Comptroller and Auditor General**. However, in practice, the **CAG primarily functions as an Auditor General only and not Comptroller**. In other words, CAG lacks control over fund disbursements. It is involved only during the audit phase, after the expenditure has occurred.

What Should be the Way Forward?

- **Streamlining Audit Processes:**
 - **Efficient Workflow:** Implement **streamlined processes within government departments to facilitate timely and comprehensive reporting**, aiding in faster audit completion.
 - **Digital Transformation:** Embrace technological advancements to **digitize and expedite audit procedures**, minimizing manual intervention and accelerating report generation.
- **Promoting Transparency and Accountability:**
 - **Timely Reporting:** Set **clear timelines and protocols for the submission of audit reports to Parliament**, ensuring timely presentation and discussion.
 - **Enhanced Public Access:** Ensure wider accessibility of audit reports through online platforms, promoting greater public scrutiny and understanding.

UPSC Civil Services Examination, Previous Year Question (PYQ)

Prelims

Q. In India, other than ensuring that public funds are used efficiently and for intended purpose, what is the importance of the office of the Comptroller and Auditor General (CAG)? (2012)

1. CAG exercises exchequer control on behalf of the Parliament when the President of India declares national emergency/financial emergency
2. CAG reports on the execution of projects or programmes by the ministries are discussed by the Public Accounts Committee.
3. Information from CAG reports can be used by investigating agencies to press charges against those who have violated the law while managing public finances.
4. While dealing with the audit and accounting of government companies, CAG has certain judicial powers for prosecuting those who violate the law.

Which of the statements given above is/are correct?

- (a) 1, 3 and 4 only
(b) 2 only
(c) 2 and 3 only
(d) 1, 2, 3 and 4

Ans: C

Mains

Q1: “The Comptroller and Auditor General (CAG) has a very vital role to play.” Explain how this is reflected in the method and terms of his appointment as well as the range of powers he can exercise. **(2018)**

Q2: Exercise of CAG’s powers in relation to the accounts of the Union and the States is derived from Article 149 of the Indian Constitution. Discuss whether audit of the Government’s policy implementation could amount to overstepping its own (CAG) jurisdiction. **(2016)**