



# First Audit Diwas: CAG

## Why in News

Recently, the Prime Minister **unveiled the statue of [Sardar Vallabhbhai Patel](#)** at the office of the **[Comptroller and Auditor General \(CAG\)](#)** of India to mark the **First Audit Diwas (16<sup>th</sup> November, 2021)**.

- It is celebrated to mark the **historic origins of the institution of the CAG**. It aims to **highlight the rich contributions of the CAG to boost transparency and good governance**.
- **Girish Chandra Murmu** assumed office as the Comptroller and Auditor General of India on 8<sup>th</sup> August 2020.

## Key Points

- **Constitutional Body: Article 148** provides for an independent office of the CAG. It is the **supreme audit institution of India**.
  - **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).
- **Profile in Brief:**
  - **CAG:** Head of the **Indian Audit and Accounts Department** - created in 1753.
  - **Guardian of the public purse** and controls the entire **financial system** of the country at both the levels-**the Centre and the state**.
  - **One of the bulwarks** of the democratic system of government in India.
    - The others being the **[Supreme Court](#)**, the **[Election Commission](#)** and the **Union Public Service Commission**.
  - The **accountability of the executive (i.e. [Council of Ministers](#))** to the Parliament in the sphere of **financial administration** is secured through audit reports of the CAG.
- **Appointment:** Appointed by the **President of India** by a warrant under his hand and seal.
- **Tenure:** A period of **six years** or upto the age of **65** years, whichever is earlier.
- **Removal:** CAG can be removed by the President on the **same grounds and in the same manner as a judge of the Supreme Court**. He **does not hold his office till the pleasure of the President**.
  - 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 misbehaviour or incapacity**.
- **Other Related Points:**
  - **Not eligible for further office**, either under the Government of India or of any state, after he ceases to hold his office.
  - **Salary and other service conditions are determined by the Parliament**.
  - 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 are **not subject to the vote of Parliament**).

- **No minister can represent the CAG in Parliament.**

▪ **Duties & Powers** as also under the **CAG's (Duties, Powers and Conditions of Service) Act, 1971:**

- 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.
- 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.
- **Audits** profit and loss accounts, balance sheets and other subsidiary **accounts kept by any department of the Central Government and state governments.**
- Audits the receipts and expenditure of the following:
  - Bodies and authorities substantially **financed from the Central or state revenues,**
  - **Government companies,** and
  - Other corporations and bodies, when so required by related laws.
- Audits the accounts of any other authority when **requested by the President or Governor.** For example, the audit of local bodies.
- Acts as a **guide, friend and philosopher of the Public Accounts Committee** of the Parliament.

▪ **Limitation:**

- The Constitution of India visualises the CAG to be Comptroller as well as Auditor General. However, in practice, the CAG is **fulfilling the role of an Auditor-General only and not that of a Comptroller.**
- In other words, the CAG has no control over the issue of money from the consolidated fund and many departments are authorised to draw money by issuing cheques without specific authority from the CAG, who is concerned only at the audit stage when the expenditure has already taken place.
- In this respect, the CAG of India **differs totally from the CAG of Britain** who has powers of both Comptroller as well as Auditor General.
  - In other words, in Britain, the executive can draw money from the public exchequer only with the approval of the CAG.

**Source: TH**

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