

CAG OF INDIA

- Article 148 to 151 deal with the powers and functions of CAG.
- CAG is appointed by the President of India and shall only be removed from the office in like and manner and on the like grounds as a Judge of the Supreme Court.

148. Comptroller and Auditor-General of India

(1) There shall be a Comptroller and Auditor-General of India who shall be appointed by the President by warrant under his hand and seal and shall only be removed from office in like manner and on like grounds as a Judge of the Supreme Court.

(2) Every person appointed to be the Comptroller and Auditor-General of India shall, before he enters upon his office, make and subscribe before the President or some person appointed in that behalf by him, an oath or affirmation according to the form set out for the purpose in the Third Schedule.

(3) The salary and other conditions of service of the Comptroller and Auditor-General shall be such as may be determined by Parliament by law and, until they are so determined, shall be as specified in the Second Schedule:

Provided that neither the salary of a Comptroller and Auditor-General nor his rights in respect of leave of absence, pension or age of retirement shall be varied to his disadvantage after his appointment.

(4) The Comptroller and Auditor-General shall not be eligible for further office either under the Government of India or under the Government of any State after he has ceased to hold his office.

(5) Subject to the provisions of this Constitution and of any law made by parliament, the conditions of service of persons serving in the Indian Audit and Accounts Department and the administrative powers of the Comptroller and Auditor-General shall be such as may be prescribed by rules made by the President after consultation with the Comptroller and Auditor-General.

(6) The administrative expenses of the office of the Comptroller and Auditor-General including all salaries, allowances and pensions payable to or in respect of persons serving in that office, shall be charged upon the Consolidated Fund of India.

- CAG is responsible for auditing the accounts of the expenditures of the Government of India or that of the states. CAG makes sure that the money is spent prudently, legally through lawful means and also check for financial wrongdoings.
- According to Dr Ambedkar, CAG is one of the four pillars of the Constitution, the other three being the Supreme Court, Public Service Commission and the Election Commission.
- The tenure, salary and age of retirement of CAG will be decided by a law passed by the Parliament. Accordingly, CAG DPC Act 1971 was passed by the Parliament. According to the act, tenure of CAG is 6 years and retirement age is 65.
- CAG is not eligible to be appointed to another government or public office after he ceases to hold the office of CAG. But CAG can become a governor or a minister after contesting elections, after he ceases to hold the office of CAG.

Duties and Powers of CAG

- Article 149 authorises the Parliament to prescribe the duties and powers of CAG.
- He audits the Consolidated Fund of India and that of each state and consolidated fund of each union territory having Legislative Assembly. Similarly, he also audits the expenditures of Contingency Fund of India and that of each state.
- He audits the receipts and expenditure of the Centre and each State to satisfy himself and the rules and procedures that are designed to ensure effective check on improper spending.
- CAG audits the receipts and expenditures of
 - ✓ Government Companies
 - ✓ All bodies and authorities financed from revenues of Centre and state.
 - ✓ Other bodies, when required by law.
- He audits the accounts of any other authority when requested by the President or Governor.
- According to the Article 150, he advises the President with regard to the prescription of the form in which the accounts of the centre and the states shall be kept.
- As mentioned in the Article 151
 - ✓ He submits his audit reports relating to the accounts of the Centre to the President, who places them before both the Houses of Parliament.
 - ✓ He submits his audit reports relating to the accounts of a state to the governor, who places them before the state legislature.
- He acts as a friend, philosopher and guide of the Public Accounts Committee of the Parliament.
- CAG submits three audit reports to the President
 - ✓ audit report on Appropriation accounts
 - ✓ audit report on Finance Accounts
 - ✓ audit report on Public Undertakings

Audits conducted by CAG

Compliance Audit - Compliance Audit is a transaction Audit in which some selected transactions of an entity for a particular financial year is chosen for examination for e.g. a purchase made by a medical officer, a contract made by the public works division for building a road or Tax assessment by an Assessment Officer.

Financial Attest Audit - It's a "supplementary audit" with the primary auditor usually being a chartered Accountant. It is used to certify how far the accounts are true and fair i.e. whether the financial statements are properly prepared, complete in all respects and are presented with adequate disclosures.

Performance Audit - The Performance Audits are seeks to establish at what cost and to what degree the policies, programme and projects are working. In addition to all the financial audit checks it assess whether a scheme or activity deploys sound means to achieve its intended socio economic objectives.