

1. Details of Module and its Structure

Module Detail	
Subject Name	Political Science
Paper Name	Public Policy, Governance and Indian Administration
Module Name/Title	Comptroller and auditor-general of India
Pre-requisites	Awareness about CAG, Organisation, the Indian Audit and Accounts Department
Objectives	To study about the CAG in India, his role and functions.
Keywords	<CAG>, <Audit >, etc.

Structure of Module/Syllabus of a module

CAG	Introduction, Indian Audits and Accounts Service and CAG of India.
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2. Development Teams

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Objectives of the Study

1. To study the historical perspective of the office of CAG;
2. To understand its powers and functions;
3. To evaluate the significance of the office.

Summary

The office of Comptroller and Auditor is matter any democracy is one of the pillars on which the Indian democracy or for that matter any democracy rests. Infact, the success and effectiveness of the modern government systems to a large extent depends on the effectiveness of this office. In the parliamentary democracies the roles of executive and legislature is not clearly segregated and even though legislature is considered to be supreme, yet executive, because of its sheer majority more than often makes legislature dance to its tune. Moreover the presence of systems such as whips often restricts the legislators from speaking their minds freely.

In such circumstances it is very unlikely that the parliament or its committees can exercise its control over finances in the manner in which it should be exercised. Moreover, it is comprised of people who have very less or no knowledge of govt. finances whose sheer nature can put any ordinary person at his wits end. It is here that the office of CAGI assumes importance and its because of his role that he is often called the friend, philosopher and guide of Indian Parliament. In this context it is worthwhile to explain that we should not confuse this office with the office of any ordinary auditor. Its role is very much different and important than any other auditor, for he not only has to perform normal audit but also apply all his wisdom to see whether the spending of money was at all required or not and whether the authority has applied his mind while spending the money or not. This aspect makes him stand apart from the rest. It also makes this office important from the point of view of the success of the democracy. However, CAGI would not have been able to perform his role effectively without the support of the Constitution of India. It goes to the credit of the makers of the constitution that they had visualized the inherent weakness of the parliamentary system and therefore created an office which can remain independent despite all the pressures. This they ensured by putting certain restrictions. It also goes to the credit of all the CAG'Is that they have done all they can to keep the faith the makers of the constitution had put in this office intact.

It is because of this that today it is considered to be one of the few offices which has been able to maintain its integrity in an environment in which all others Important ones have crumbled under the pressure. It can be seen from the fact that most of the financial scams which have come in public domain are the result of the efforts of the CAGI who withstanding all the pressures performed his duties in the manner in which they should have been performed.

1. Introduction

The success of parliamentary democracy can be ensured only if there is an independent agency to ensure that the executive is spending the money in accordance with the manner prescribed by the parliament. On other words, the executive spends the money on the items mentioned and approved in the budget. This because the parliament does not have it own mechanism to ensure that the budget is executed in a faithful manner. This is very important because money is a very scarce resource and all efforts must be taken to ensure that it is not wasted. The office of the comptrollers and Auditor general of India has been created specially for this purpose. He is considered as the fourth and the most important pillar of Indian democracy. Dr. Ambedkar called him the friend, philosopher and guide of the Indian parliament. His office today is considered to be the most important one to restore the faith of the people in the democratic processes.

The Comptroller and Auditor General (CAG) of India is an authority, established by the Constitution of India under Chapter V, who audits all receipts and expenditure of the Government of India and the state governments, including those of bodies and authorities substantially financed by the government. The CAG is also the external auditor of government-owned companies. The reports of the CAG are taken into consideration by the Public Accounts Committees, which are special committees in the Parliament of India and the state legislatures. The CAG is also the head of the Indian Audit and Accounts Service, which has over 58,000 employees across the country.¹The CAG is mentioned in the Constitution of India under Article 148 – 151. The CAG is ranked 9th and enjoys the same status as a judge of Supreme Court of India in Indian order of precedence.

1.1 Historical Perspective

Office of auditor general was created in the year 1857. An Audit board comprising of auditor general and chief of military finance department was set up in 1860. The Board was abolished in 1865 to centralise administration in comptroller general. In 1882 comptroller general redesignated as comptroller and auditor general and assigned the supervision of accounting system and an appropriation audit. The institution of CAGI took its present shape after the Government of India Act 1919 in which the Auditor general was made an independent authority and given statutory recognition. The importance of the office was raised further after the government of India act 1935 in which his authority and position was increased to the status of a judge of the federal court. After independence the office was given a constitutional status and was made an independent authority independent from all the branches of the government.

2. The Indian Audit and Accounts Department

Indian Audit and Accounts Department has a unitary structure in a federal setup. The Indian Audit and Accounts Service (IAAS), a formalized civil services cadre of the Union of India, forms the middle and top level management of the organization, through which the Comptroller and Auditor General of India exercises its mandate. The 600 odd IAAS officers have a multi-disciplinary academic background and include experts in various fields.

The IAAS officers, while working for a constitutional authority, have the benefits of a working environment which promotes pursuit for professional excellence in public service without fear or favour. Working in these offices an IAAS officer has the opportunities to work in areas which interface with diverse arms and tiers of the Government. Be it armed forces, large public service under takings or village panchayat, an IAAS officer has the opportunity to experience and contribute to the public good in all facets of government.

The officers are drawn from diverse academic and professional disciplines such as financial management, accountancy, costing, law, engineering, economics and so on. Quite a few of them have excellent exposure to information technology. The officers attend specially designed executive development and management development programmes at suitable intervals. They are deputed to a variety of studies and

training relevant to the work in the department organized by other institutions within and outside the country. They are also placed on secondment to Union/State Governments. The experience thus gained is of great help in the discharge of audit functions. Conferences and Workshops participated in by senior officers are held periodically to discuss the problems faced in the department and to find solutions to them.

The officers directly recruited to the service are exposed to a foundational course at the National Academy of Administration, and imparted professional training - theoretical and practical - at the National Academy of Audit and Accounts and the National Institute of Financial Management in the areas of accounting and auditing, financial management, personnel regulations, cost and management accounting, management concepts, quantitative techniques and electronic data processing. This is supplemented by practical training in the field formations of the department. During this period, the officers are also required to qualify in two professional examinations conducted by the Department. The officers promoted to the service also go through an intensive orientation course. The IAAS Officers are valued in the bureaucracy for their multi-faceted experience and expertise in the area of Audit, Accounts and finance. Not surprisingly, several of them have stints in key positions in the union ministries of Government of India. The IAAS Officers work in an environment which promotes continuous professional up-gradation. With increasing international exposure due to collaborative working framework of Supreme Audit Institutions of the world, auditing international bodies like the UN, WHO, and bilateral/multilateral assignments with other countries, the IAAS officers stay on the cutting edge of the profession. Valued world over they are sought after internationally. IAAS Officers have been borrowed out to organizations like the United Nations, IDI and various other countries for their expertise and skill.

2.1 Organization of the Indian Audit and Accounts Department

The Comptroller and Auditor General of India discharges his multifarious duties through the Indian Audit and Accounts Department. The Department consists of about fifty thousand employees and is functionally organised into 133 specialised formations throughout the country.

At the apex of the Indian Audit and Accounts Department is the office of the Comptroller and Auditor General which directs, monitors and controls all activities connected with audit, accounts and entitlement functions of the Department. It is responsible for development of organisational objectives and policies, audit standards and systems, management of the manpower and material resources of the Department and final processing and approval of the Audit Reports. For carrying out these responsibilities, it has been organised on a sectoral basis and there are separate divisions dealing with Accounts and Entitlements, Civil Audit, Railway Audit, Commercial Audit, Revenue Audit, administration of Cadres, Training, Strategic Management, Professional Practices Inspection of field offices, IS and IT, etc. These divisions are headed by the Deputy / Additional Deputy Comptroller and Auditor General and Principal Directors.



Offices of the Accountants General (Audit) are responsible for audit of all receipts and expenditure of the Provincial Governments, and audit of Provincial Government companies, corporations and autonomous bodies. Offices of the Principal Directors of Audit are responsible for audit of the activities of the Federal Government, including Civil Ministries and Departments, Overseas Establishments, Defence, Indian Railways, Federal Public Undertakings and Posts and Telecommunications. Offices of the Accountants Generals (Accounts and Entitlements) handle the Accounting and Entitlement functions of the Provincial Governments.

The audit activities are divided into convenient groups headed by Deputy Accountants General/Senior Deputy Accountants General who report to the Accountant General. These officers are designated as Deputy Directors / Directors under the control of Principal Directors of Audit, in respect of Audit of Federal Government activities. The initial work of auditing (as well as accounting and entitlement functions still remaining with the Comptroller & Auditor General) is done in the various field formations of the organisation by auditors, clerks and accountants under the guidance and supervision of Assistant Audit Officers and Assistant Accounts Officers, who are in turn supervised by Accounts Officers or Audit Officers. Audit parties supervised by Audit Officers inspect the departmental offices and other organisations periodically and present inspection reports on their findings.

To enhance audit skills and update domain knowledge of the officials, the training facilities of the department comprise of national level and regional level institutes. These include National Academy of Audit and Accounts, International Centre for Information Systems and Audit and newly set up International Centre for Environment Audit and Sustainable Development.

The Constitution of India [Article 148] provides for an independent office to the CAG of India. He/she was the head of Indian Audit and Accounts Department. His/her duty is to uphold the constitution of India and laws of the Parliament in the field of financial administration.

2.1 Scope of audits

Audit of government accounts (including the accounts of the state governments) in India is entrusted to the CAG of India who is empowered to audit all expenditure from the revenues of the union or state governments, whether incurred within India or outside. Specifically, audits include:

- Transactions relating to debt, deposits, remittances, Trading, and manufacturing
- Profit and loss accounts and balance-sheets kept under the order of the President or Governors
- Receipts and stock accounts. CAG also audits the books of accounts of the government companies as per companies act.

In addition, the CAG also executes performance and compliance audits of various functions and departments of the government. Recently, the CAG as a part of thematic review on "Introduction of New Trains" is deputing an auditors' team on selected trains, originating and terminating at Sealdah and Howrah stations, to assess the necessity of their introduction. Former CAG, Vinod Rai has been appointed as external auditor of three major UN organisations: the Vienna-based International Atomic Energy Agency (IAEA), the Geneva-based World Intellectual Property Organisation (WIPO) and World Food Organisation (WFO).¹ Former CAG, Vinod Rai has been elected the Chairman of the United Nations' panel of external auditors. Rebecca Mathai, is an Indian who is presently the External Auditor of UN organisation World Food Programme (WFP) Headquartered at Rome, Italy.²

¹https://en.wikipedia.org/wiki/International_Atomic_Energy_Agency

²https://en.wikipedia.org/wiki/International_Atomic_Energy_Agency

3. Comptroller and Auditor-General of India

3.1 Appointment

According to Article 148³ of the Indian constitution the CAGI shall be appointed by the President on the same terms and conditions as that of the judge of the supreme court. Generally he is a very senior civil servant of the country. The Comptroller and Auditor-General of India is appointed by the President of India following a recommendation by the Prime Minister. On appointment, he/she has to make an oath or affirmation before the President of India. Shashi Kant Sharma's name was recommended by the government to the President without any public discussion whatsoever, on the criteria used for evaluation and the merits and demerits of available candidates. Was there a shortlist drawn up? If so, on what basis? What qualifications did the candidates possess for being the CAG? In what way was Mr. Sharma considered to have superior credentials? These are some of the many questions that remain unanswered in this age old practice.

3.2 Removal

The CAG shall only be removed from office in like manner and on the like grounds as a judge of the Supreme Court.

3.3 Salary and Allowances

He receives such salary and allowances as are prescribed by the parliament by law from time to time. He is also entitled for a pension after retirement. The salary and allowances cannot be changed to his disadvantage during his tenure.

3.4 Expenditure

All the expenditure of the office of the CAGI, shall be charged upon the consolidated fund of India. As such these are passed without vote in the parliament.

3.5 Duties and Powers of the Comptroller and Auditor-General

The Comptroller and Auditor-General shall perform such duties and exercise such powers in relation to the accounts of the Union and of the States and of any other authority or body as may be prescribed by or under any law made by Parliament and, until provision in that behalf is so made, shall perform such duties and exercise such powers in relation to the accounts of the Union and of the States as were conferred on or exercisable by the Auditor-General of India immediately before the commencement of this Constitution in relation to the accounts of the Dominion of India and of the provinces respectively.

3.6 Independence of the office / Public Restrictions

To secure the independences of this office and to ensure that it performs its functions without coming under any pressure the constitution has taken some extra steps. These are:-

- (i) He cannot take any employment under the government after his retirement.
- (ii) All his expenditure shall be charged on to consolidated fund of India.
- (iii) He can be removed only through the process of impeachment on the same grounds as that of a judge of the supreme court.
- (iv) His salary allowances, terms and conditions cannot be changed to his disadvantage.

³ The Constitution of India, Eastern book Company Lucknow 2009, pp102

3.7 Form of accounts of the Union and of the States

The accounts of the Union and of the States shall be kept in such form as the President may, on the advice of the Comptroller and Auditor-General of India, prescribe.

3.8 Audit Report

(1) The reports of the Comptroller and Auditor-General of India relating to the accounts of the Union shall be submitted to the president, who shall cause them to be laid before each House of Parliament.

(2) The reports of the Comptroller and Auditor-General of India relating to the accounts of a State shall be submitted to the Governor of the State, who shall cause them to be laid before the Legislature of the State.

3.9 Functions

According to Articles 148 to 151⁴ his powers and duties are as follows :-

- (i) To Audit all the expenditure from the constitute fund of India and of each state and union territory having a legislative assembly.
- (ii) To ensure that the money which is shown to have been spent was legally available and applicable for the purpose for which it was meant.
- (iii) To audit all the transactions of the union and the states relating to the contingency fund.
- (iv) To audit all the trading, manufacturing profit and loss and balance sheets of any department of union and the states.
- (v) To audit receipts and expenditure of bodies or authorities sustainable financial.
- (vi) To audit all the receipts of the and states so as to ensure that all the rules and procedure have been duly observed.
- (vii) To audit accounts of stores and stock kept in any office of the union or state.
- (viii) To audit the government companies and statutory corporations.
- (ix) To audit accounts of certain authorities or bodies on the advise of the president or the governor of the state or administrator of union territory.
- (x) Power to make regulations for carrying into effect the provisions of the act in so far as they relate to the scope and extent of audit.

An analysis of the functions shows that while performing the functions he follows the following approaches which can be termed as types of audit. :

- (i) **Appropriation Audit:** This is the most traditional form of audit In this approach he ensures that the money spent by the government has been spent in accordance's with the appropriation bill passed by the legislature.

⁴ The Constitution of India, Eastern book Company Lucknow 2009, pp102

- (ii) Regularity Audit : This is another conventional type of audit of the govt. In this he ensures that all the statutory and administrative rolls have been followed in spending the money.
- (iii) Propriety Audit : This is the most important of all the types in this, he ensures that the money has been spent by the persons who has been authorized to spend it and that he has shown full wisdom, faithfulness and economy in spending the funds. This is primarily done to protect the public interest in the spending of public money⁵
- (iv) Efficiency Audit : In this type he tries to search for wasteful, extravagant or fraudulent wastage of funds.

3.10 Critical Evaluation

Although the CAGI is one of the few institutions left in this country which have maintained their integrity, yet an analysis of its functioning reveals that it is not free from criticism, which if taken care of will make this institution more effective some of these are :-

- (i) He does not have the power to enforce its findings and all its reports go waste in the parliament where the ruling party gets all his efforts under through its majority.
- (ii) Since his report is post mortem in nature hence nothing can be done to receive the loss. Even the court system permits the guilty to take legal recourse which consumes a number of years. Due to this the people are not afraid of including in scams.
- (iii) Moreover, under the Indian laws there is only provision of punishment, that too for a very short period of time with no provision for recovery of finances. As a result whatever financial loss has been incurred remains uncovered.

All this makes the CAGI a toothless tiger. Not only that, he also has to face the taunts and criticism of the corrupt officials and ministers.

4. Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971

An Act to determine the conditions of service of the Comptroller and Auditor-General of India and to prescribe his duties and powers and for that matters connected therewith or incidental thereto. Be it enacted by parliament in the Twenty-second year of the Republic of India as follows:⁶

PRELIMINARY

4.1 **Short title:** This Act may be called the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971.

4.2 **Definitions :** In this Act, unless the context otherwise requires,

- (a) "accounts", in relation to commercial undertakings of a Government, includes trading, manufacturing and profit and loss accounts and balance-sheets and other subsidiary accounts;
- (b) "appropriation accounts" means accounts which relate the expenditure brought to account during a financial year, to the several items specified in the law made in accordance with the provisions of the

⁵ Sahib Singh, Swinder Singh, Ravinder Dogra, Public Personnel and Financial Administration, New Academic Publications co., 2008 pp204-205

⁶ www.cag.gov.in/content/dpc-act

Constitution or of the Government of Union Territories Act, 1963, (20 of 1963) for the appropriation of moneys out of the Consolidated Fund of India or of a State, or of a Union territory having a Legislative Assembly, as the case may be;

(c) "Comptroller and Auditor-General" means the Comptroller and Auditor-General of India appointed under article 148 of the Constitution;

(d) "State" means a State specified in the First Schedule to the Constitution;

(e) "Union" includes a Union territory, whether having a Legislative Assembly or not.

4.3 Salary and other conditions of service of the comptroller and auditor-general

3. There shall be paid to the Comptroller and Auditor-General a salary which is equal to the salary of the Judge of the Supreme Court:

Provided that if a person who, immediately before the date of assuming office as the Comptroller and Auditor-General, was in receipt of, or, being eligible so to do, had elected to draw, a pension (other than a disability or wound pension) in respect of any previous service under the Government of the Union or any of its predecessor Governments, or under the Government of a State or any of its predecessor Governments, his salary in respect of service as Comptroller and Auditor-General shall be reduced:

(a) by the amount of that pension; and

(b) if he had, before assuming office, received, in lieu of a portion of the pension due to him in respect of such previous service, the commuted value thereof, by the amount of that portion of the pension.

4.4 Term of Office

4. The Comptroller and Auditor-General shall hold office for a term of six years from the date on which he assumes such office:

Provided that where he attains the age of sixty-five years before the expiry of the said term of six years, he shall vacate such office on the date on which he attains the said age.

Provided further that he may, at any time, by writing under his hand addressed to the President, resign his office.

Explanation: For the purpose of this section, the term of six years in respect of the Comptroller and Auditor-General holding office immediately before the commencement of this Act, shall be computed from the date on which he had assumed office.

4.5 Leave

5. (1) A person who, immediately before the date of assuming office as the Comptroller and Auditor-General, was in the service of Government may be granted during his tenure of office but not thereafter, leave in accordance with the rules for the time being applicable to the Service to which he belonged before such date and he shall be entitled to carry forward the amount of leave standing at his credit on such date, notwithstanding anything contained in section 6.

(2) Any other person who is appointed as the Comptroller and Auditor-General may be granted leave in accordance with such rules as are for the time being applicable to a member of the Indian Administrative Service.

(3) The power to grant or refuse leave to the Comptroller and Auditor-General and to revoke or curtail leave granted to him, shall vest in the President.

4.6 Pension

6. (1) A person who, immediately before the date of assuming office as the Comptroller and Auditor-General, was in the service of Government shall be deemed to have retired from service on the date on which he enters upon office as the Comptroller and Auditor-General but his service as Comptroller and Auditor-

General shall be reckoned as continuing approved service counting for pension in the Service to which he belonged.

(2) Every person who enters upon office as the Comptroller and Auditor-General shall, on demitting the said office, be eligible to a pension of a sum of fifteen thousand rupees per annum which sum shall include: the aggregate of all pensions payable to him and the commuted portion, if any, of his pension, and the pension equivalent of the retirement gratuity, if any, which may have been admissible to him under the rules for the time being applicable to the Service to which he belonged:

Provided that if such a person is or becomes eligible, at any time, under the rules for the time being governing the Service to which he belonged, to a pension higher than the said sum of fifteen thousand rupees, he shall be eligible to draw, as pension, the said higher amount.

(3) A person who, immediately before the date of assuming office as the Comptroller and Auditor-General, was in receipt of, or, had become eligible for receiving, a pension in respect of any previous service under Government, shall, on demitting office as the Comptroller and Auditor-General, be eligible to a pension of fifteen thousand rupees per annum which sum shall include the aggregate of all pensions payable to him and the commuted portion, if any, of his pension, and the pension equivalent of the retirement gratuity, if any, which may have been admissible to him under the rules for the time being applicable to the Service to which he belonged:

Provided that if such a person is or becomes eligible, at any time, under the rules for the time being governing the service to which he belonged, to a pension higher than the said sum of fifteen thousand rupees, on he shall be eligible to draw, as pension, the said higher amount.

(4) Any other person who is appointed as the Comptroller and Auditor-General shall, on demitting the said office, be eligible to a pension of fifteen thousand rupees per annum.

(5) The person holding office immediately before the commencement of this Act as the Comptroller and Auditor-General shall be eligible to draw, at his option, pension at the rate at which it would be admissible to him if this Act had not come into force or at the rate specified in this section.

(6) A person who demits office as the Comptroller and Auditor-General by resignation shall, on such demission, be eligible to a pension at the rate of two thousand rupees per annum for each completed year of his service as the Comptroller and Auditor General:

Provided that in the case of a person referred to in sub-section (1) or sub-section (3), the aggregate amount of pension admissible under this sub-section together with the amount of pension including the commuted portion, if any, of his pension, and the pension equivalent of the retirement gratuity if any which may have been admissible to him under the rules for the time being applicable to the Service to which he belonged immediately before he assumed office as the Comptroller and Auditor-General, shall not exceed fifteen thousand rupees per annum or the higher pension referred to in proviso to sub-section (2) or sub-section (3), as the case may be.

(6A) Notwithstanding, anything contained in the foregoing provisions of this section a person referred to in sub-section (1) who demits office (whether in any manner specified in sub-section (8) or by resignation) as the Comptroller and Auditor-General after the commencement of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Amendment Act, 1984, shall, on such demission, be entitled to: -

(a) the pension to which he would have been entitled under the rules of the Service to which he belonged by reckoning his service as the Comptroller and Auditor-General as continuing approved service counting for pension in such Service; and

(b) a special pension of seven hundred rupees per annum in respect of each completed year of service as the Comptroller and Auditor-General;

(6B) Notwithstanding anything contained in the foregoing provisions of this section, a person referred to in sub-section (3) who demits office (whether in any manner specified in sub-section (8) or by resignation) as the Comptroller and Auditor-General after the commencement of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Amendment Act, 1984, shall, on such demission be entitled to:

- (a) the pension payable to him in respect of any previous service under Government; and
- (b) a special pension of seven hundred rupees per annum in respect of each completed year of service as the Comptroller and Auditor-General.

(6C) Notwithstanding anything contained in the foregoing provisions of this section, a person who demits office (whether in any manner specified in sub-section 8 (or by resignation) as the Comptroller and Auditor-General after the commencement of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Amendment Act, 1987 shall, on such-demission, be entitled to-

(a) a pension which is equal to the pension payable to a Judge of the Supreme Court,-

(i) if such person is a person referred to in sub-section (1) or sub-section (3), in accordance with the provisions of part III of the Schedule to the Supreme Court Judges (Conditions of Services) Act, 1958 (41 of 1958) (hereafter in this Act referred to as the Supreme Court Judges Act), as amended from time to time.

(ii) If such person is a person referred to in subsection (4), in accordance with the provisions of Part I of the Schedule to the Supreme Court Judges Act, as amended from time to time.

(b) Such pension (including commutation of pension), family pension and gratuity as are admissible to a Judge of Supreme Court under the Supreme Court Judges Act and the rules made thereunder, as amended from time to time.

(6D) Notwithstanding anything contained in the foregoing provisions of this section, a person who demitted office (whether in any manner specified in sub section (8) or by resignation) as the Comptroller and Auditor-General, at any time before the 16th day of December, 1987, shall be entitled to the pension specified in sub section (6C) on and from that date.

(7) If a person who demits office as the Comptroller and Auditor-General is not eligible to any pension under this section but is eligible to a pension under the rules for the time being applicable to the Service to which he belonged immediately before he assumed office as the Comptroller and Auditor-General he shall, notwithstanding anything contained in this section, be eligible to draw such pension as is admissible to him under the said rules.

(8) Except where he demits office by resignation, a person holding office of the Comptroller and Auditor-General shall be deemed, for the purposes of this Act, to have demitted such office as such if, and only if-

- (a) he has completed the term of office specified in section 4, or
- (b) he has attained the age of sixty-five years, or
- (c) his demission of office is medically certified to be necessitated by ill-health.

4.7 Omitted

Right to Subscribe to General Provident Fund

8. Every person holding office as the Comptroller and Auditor-General shall be entitled to subscribe to the General Provident Fund (Central Services).

Other Conditions of Service

9. Save as otherwise provided in this Act, the conditions of service relating to travelling allowance, provision of rent free residence and exemption from payment of income-tax on the value of such rent-free residence, conveyance facilities, sumptuary allowance, medical facilities and such other conditions of service as are for the time being applicable to a Judge of the Supreme Court under Chapter IV of the Supreme Court Judges

Act, and the rules are made thereunder, shall, so far as may be, apply to a serving or retired Comptroller and Auditor-General as the case may be.

Provided that nothing in this section shall have effect so as to give a person, who immediately before the date of assuming office as the Comptroller and Auditor-General, was in the service of Govt. less favourable terms in respect of any of the matters aforesaid than those to which he would be entitled as a member of the Service to which he belonged, his service as Comptroller and Auditor-General being treated for the purpose of this proviso as continuing service in the Service to which he belonged.

4.8 DUTIES AND POWERS OF THE COMPTROLLER AND AUDITOR-GENERAL

4.8.1 Comptroller and Auditor-General to compile accounts of Union and States

10. (1) The Comptroller and Auditor-General shall be responsible-

(a) for compiling the accounts of the Union and of each State from the initial and subsidiary account rendered to the audit and accounts offices under his control by treasuries, offices or departments responsible for the keeping of such accounts; and

(b) for keeping such accounts in relation to any of the matters specified in clause (a) as may be necessary:

Provided that the President may, after consultation with the Comptroller and Auditor-General, by order relieve him from the responsibility for compiling-

(i) the said accounts of the Union (either at once or gradually by the issue of several orders); or

(ii) the accounts of any particular services or departments of the Union:

Provided further that the Governor of a State may with the previous approval of the President and after consultation with the Comptroller and Auditor-General, by order, relieve him from the responsibility for compiling-

(i) the said accounts of the State (either at once or gradually by the issue of several orders); or

(ii) the accounts of any particular services or departments of the State:

Provided also that the President may, after consultation with the Comptroller and Auditor-General, by order, relieve him from the responsibility for keeping the accounts of any particular class or character.

(2) Where, under any arrangement, a person other than the Comptroller and Auditor-General has, before the commencement of this Act, been responsible-

(i) for compiling the accounts of any particular service or department of the Union or of a State, or

(ii) for keeping the accounts of any particular class or character,

such arrangement shall, notwithstanding anything contained in sub-section (1), continue to be in force unless, after consultation with the Comptroller and Auditor-General, it is revoked in the case referred to in clause (i), by an order of the President or the Governor of the State, as the case may be, and in the case referred to in clause (ii) by an order of the President.

Comptroller and Auditor-General to prepare and submit accounts to the President, Governors of States and Administrators of Union Territories having Legislative Assemblies

11. The Comptroller and Auditor-General shall from the accounts compiled by him or by the Government or any other person responsible in that behalf prepare in each year accounts (including, in the case of accounts compiled by him, appropriation accounts) showing under the respective heads the annual receipts and disbursements for the purpose of the Union, of each State and of each Union territory having a Legislative Assembly, and shall submit those accounts to the President or the Governor of a State or Administrator of the Union territory having a Legislative Assembly, as the case may be on or before such dates as he may, with the concurrence of the Government concerned, determine:

Provided that the President may, after consultation with the Comptroller and Auditor-General, by order, relieve him from the responsibility for the preparation and submission of the accounts relating to annual receipts and disbursements for the purpose of the Union or of a Union territory having a Legislative Assembly; provided further that the Governor of a State may, with the previous approval of the President and

after consultation with the Comptroller and Auditor-General, by order, relieve him from the responsibility for the preparation and submission of the accounts relating to annual receipts and disbursements for the purpose of the State. Comptroller and Auditor-General to give information and render assistance to the Union and States

12. The Comptroller and Auditor-General shall, in so far as the accounts, for the compilation or keeping of which he is responsible, enable him so to do, give to the Union government, to the State Governments or to the Governments of Union Territories having Legislative Assemblies, as the case may be, such information as they may, from time to time, require, and render such assistance in the preparation of their annual financial statements as they may reasonably ask for. General Provisions Relating to Audit

13. It shall be the duty of the Comptroller and Auditor-General-

(a) to audit all expenditure from the Consolidated Fund of India and of each State and of each Union territory having a Legislative Assembly and to ascertain whether the moneys shown in the accounts as having been disbursed were legally available for and applicable to the service or purpose to which they have been applied or charged and whether the expenditure conforms to the authority which governs it;

(b) to audit all transactions of the Union and of the States relating to Contingency Funds and Public Accounts;

(c) to audit all trading, manufacturing, profit and loss accounts and balance-sheets and other subsidiary accounts kept in any department of the Union or of a State;

and in each case to report on the expenditure, transactions or accounts so audited by him. Audit of receipts and expenditure of bodies or authorities substantially financed from Union or State Revenues

14.(1) Where anybody or authority is substantially financed by grants or loans from the Consolidated Fund of India or of any State or of any Union territory having a Legislative Assembly, the Comptroller and Auditor-General shall, subject to the provisions of any law for the time being in, force applicable to the body or authority, as the case may be, audit all receipts and expenditure of that body or authority and to report on the receipts and expenditure audited by him.

Explanation: Where the grant or loan to a body or authority from the Consolidated Fund of India or of any State or of any Union territory having a Legislative Assembly in a financial year is not less than rupees twenty-five lakh and the amount of such grant or loan is not less than seventy-five percent of the total expenditure of that body or authority, such body or authority shall be, deemed, for the purposes of this sub-section, to be substantially financed by such grants or loans as the case may be.

(2) Notwithstanding anything contained in sub-section (1) the Comptroller and Auditor-General may with the previous approval of the President or the Governor of a State or the Administrator of a Union territory having a Legislative Assembly, as the case may be, audit all receipts and expenditure of any body or authority where the grants or loans to such body or authority from the Consolidated Fund of India or of any State or of any Union territory having a Legislative Assembly, as the case may be in a financial year is not less than rupees one crore.

(3) Where the receipts and expenditure of any body or authority are by virtue of the fulfillment of the, conditions specified in sub-section (1) or sub-section (2) audited by the Comptroller and Auditor-General in a financial year, he shall continue to audit the receipts and expenditure of that body or authority for a further period of two years notwithstanding that the conditions specified in sub-section (1) or sub-section (2) are not fulfilled during any of the two subsequent years.

Functions of Comptroller and Auditor-General in the Case of Grants or Loans given to other Authorities or Bodies

15. (1) Where any grant or loan is given for any specific purpose from the Consolidated Fund of India or of any State or of any Union territory having a Legislative Assembly to any authority or body, not being a foreign State or international organization, the Comptroller and Auditor-General shall scrutinize the procedures by which the sanctioning authority satisfies itself as to the fulfillment of the conditions subject to which such grants or loans were given and shall for this purpose have right of access, after giving reasonable previous notice, to the books and accounts of that authority or body:

Provided that the President, the Governor of a State or the Administrator of a Union territory having a Legislative Assembly, as the case may be, may, where he is of opinion that it is necessary so to do in the public interest, by order, relieve the Comptroller and Auditor-General, after consultation with him, from making any such scrutiny in respect of any body or authority receiving such grant or loan.

(2) Except where he is authorized so to do by the President, the Governor of a State or the Administrator of Union territory having a Legislative Assembly, as the case may be, the Comptroller and Auditor-General shall not have, while exercising the powers conferred on him by sub-section (1), right of access to the books and accounts of any corporation to which any such grant or loan as is referred to in subsection (1) is given if the law by or under which such corporation has been established provides for the audit of the accounts of such corporation by an agency other than the Comptroller and Auditor-General:

Provided that no such authorization shall be made except after consultation with the Comptroller and Auditor-General and except after giving the concerned corporation a reasonable opportunity of making representations with regard to the proposal to give to the Comptroller and Auditor-General right of access to its books and accounts.

4.8.2 Audit of Receipts of Union or of States

16. It shall be the duty of the Comptroller and Auditor-General to audit all receipts which are payable into the Consolidated Fund of India and of each State and of each Union territory having a Legislative Assembly and to satisfy himself that the rules and procedures in that behalf are designed to secure an effective check on the assessment, collection and proper allocation of revenue and are being duly observed and to make for this purpose such examination of the accounts as he thinks fit and report thereon.

4.8.3 Audit of accounts of stores and stock

17. The Comptroller and Auditor-General shall have authority to audit and report on the accounts of stores and stock kept in any office or department of the Union or of a State.

Powers of Comptroller and Auditor-General in connection with audit of accounts

18. (1) The Comptroller and Auditor-General shall in connection with the performance of his duties under this Act, have authority-

(a) to inspect any office of accounts under the control of the union or of a State, including treasuries, and such offices responsible for the keeping of initial or subsidiary accounts, as submit accounts to him;

(b) to require that any accounts, books, papers and other documents which deal with or form the basis of or an otherwise relevant to the transactions to which his duties in respect of audit extend, shall be sent to such place as he may appoint for his inspection;

(c) to put such questions or make such observations as he may consider necessary, to the person in charge of the office and to call for such information as he may require for the preparation of any account or report which it is his duty to prepare.

(2) The person in charge of any office or department, the accounts of which have to be inspected and audited by the Comptroller and Auditor-General, shall afford all facilities for such inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

4.8.4 Audit of Government companies and corporations

19. (1) The duties and powers of the Comptroller and Auditor-General in relation to the audit of the accounts of Government companies shall be performed and exercised by him in accordance with the provisions of the Companies Act, 1956 (1 of 1956).

(2) The duties and powers of the Comptroller and Auditor-General in relation to the audit of the accounts of corporations (not being companies) established by or under law made by Parliament shall be performed and exercised by him in accordance with the provisions of the respective legislations.

(3) The Governor of a State or the Administrator of a Union territory having a Legislative Assembly may, where he is of opinion that it is necessary in the public interest so to do, request the Comptroller and Auditor-General to audit the accounts of a corporation established by law made by the Legislature of the State or of the Union territory, as the case may be, and where such request has been made, the Comptroller and Auditor-General shall audit the accounts of such corporation and shall have, for the purposes of such audit, right of access to the books and accounts of such corporation:

Provided that no such request shall be made except after consultation with the Comptroller, and Auditor-General and except after giving reasonable opportunity to the corporation to make representations with regard to the proposal for such audit.

4.8.5 Laying of reports in relation to accounts of Government companies and corporation

19A. (1) The reports of the Comptroller and Auditor-General, in relation to audit of accounts of a Government company or a corporation referred to in section 19, shall be submitted to the Government or Governments concerned.

(2) The Central Government shall cause every report received by it under sub-section (1) to be laid, as soon as may be after it is received, before each House of Parliament

(3) The State Government shall cause every report received by it under sub-section (1) to be laid, as soon as may be after it is received, before the Legislature of the State.

Explanation : For the purposes of this section "Government or "State Government" in relation to a Union Territory having a Legislative Assembly, means the Administrator of the Union territory.

4.8.6 Audit of accounts of certain authorities or bodies

20. (1) Save as otherwise provided in section 19, where the audit of the accounts of any body or authority has not been entrusted to the Comptroller and Auditor-General by or under any law made by Parliament, he shall, if requested so to do by the President, or the Governor of a State or the Administrator of a Union territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the concerned Government and shall have, for the purposes of such audit, right of access to the books and accounts of that body or authority:

Provided that no such request shall be made except after consultation with the Comptroller and Auditor-General.

(2) The Comptroller and Auditor-General may propose to the President or the Governor of a State or the Administrator of a Union territory having a Legislative Assembly, as the case may be, that he may authorized to undertake the audit of accounts of any body or authority, the audit of the account of which has not been entrusted to him by law, if he is of opinion that such audit is necessary because a substantial amount has been invested in, or advanced to, such body or authority by the Central or State Government or by the

Government of a Union territory having a Legislative Assembly, and on such request being made, the President or the Governor or, the Administrator, as the case may be, may empower the Comptroller and Auditor-General to undertake the audit of the accounts of such body or authority.

(3) The audit referred to in sub-section (1) or sub-section (2) shall not be entrusted to the Comptroller and Auditor-General except where the President or the Governor of a State or the Administrator of a Union territory having a Legislative Assembly, as the case may be, is satisfied that it is expedient so to do in the public-interest and except after giving a reasonable opportunity to the concerned body or authority to make representations with regard to the proposal for such audit.

4. MISCELLANEOUS

5.1 Delegation of Power of Comptroller and Auditor-General

21. Any power exercisable by the Comptroller and Auditor-General under the provisions of this Act, or any other law may be exercised by such officer of his department as may be authorized by him in this behalf by general or special order.

Provided that except during the absence of the Comptroller and Auditor-General on leave or otherwise, no officer shall be authorized to submit on behalf of the Comptroller and Auditor-General any report which the Comptroller and Auditor-General is required by the Constitution or the Government of Union Territories Act, 1963 (20 of 1963) to submit to the President or the Governor of a State or the Administrator of a Union territory having a Legislative Assembly, as the case may be.

5.2 Power to Make Rules

22. (1) The Central Government may, after consultation with the Comptroller and Auditor-General, by notification in the official Gazette, make rules for carrying out the provisions of this Act in so far as they relate to the maintenance of accounts.

(2) In particular, and without prejudice to the generality of the foregoing power, such rules may provide for all or any of the following matters, namely:-

(a) the manner in which initial and subsidiary accounts shall be kept by the treasuries, offices and departments rendering accounts to audit and accounts offices;

(b) the manner in which the accounts of the Union or of a State or of any particular service or department or of any particular class or character, in respect of which the Comptroller and Auditor-General has been relieved from the responsibility of compiling or keeping the accounts, shall be compiled or kept;

(c) the manner in which the accounts of stores and stock shall be kept in any office or department of the Union or of a State, as the case may be;

(d) any other matter which is required to be, or may be, prescribed by rules

(3) Every rule made under this section shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty day's which may be comprised in one Session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid both Houses agree in making any modification in the rule or both Houses agree that the rules should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

5.3 Power to make regulations

23. The Comptroller and Auditor-General is hereby authorized to make regulations for carrying into effect the provisions of this Act in so far as they related to the scope and extent of audit, including laying down for

the guidance of the Government Departments the general principles of Government accounting and the broad principles in regard to audit of receipts and expenditure.

5.4 Power to dispense with detailed audit

24. The Comptroller and Auditor-General is hereby authorized to dispense with, when circumstances so warrant, any part of detailed audit of any accounts or class of transactions and to apply such limited check in relation to such accounts or transactions as he may determine.

5.5 Repeal

25. The Comptroller and Auditor-General (Conditions of Service) Act 1953, (21 of 1953) is hereby repealed.

5.6 Removal of doubts

26. For removal of doubts, it is hereby declared that on the commencement of this Act the Government of India (Audit and Accounts) Order, 1936, as adapted by the India (Provisional Constitution) Order, 1947, shall cease to be in force except as respects anything done or any action taken there under.