

The Comptroller and Auditor General (C. & A.G.) is the Supreme Auditor of India.

Under the provisions of Article 147 of the Constitution of India the C. & A.G. 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.

The administrative expenses of the office of the C. & A.G., including his salaries, allowances and pensions payable to or in respect of persons serving in that office, shall be charged upon the Consolidated Fund of India.

The accounts of the Union and of the States shall be kept in such form as the President may, on the advice of the C. & A.G. prescribe. (Art.150)

The Reports of the C. & A.G. 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. (Art. 151)

The Reports of the C. & A.G. relating to the accounts of a State shall be submitted to the Governor of a State, who shall cause them to be laid before the Legislature of the State.

The C. & A.G. shall be responsible for compiling the accounts of the Union and of the States. The President, after consulting the C. & A.G. relieved him from the responsibility for compiling the accounts of the Union. For compiling the accounts of the Union, the Post of the Controller General of Accounts as been created in the Ministry of Finance. The compilation of the accounts of the States continues under the C. & A.G.

The duties and powers of C. & A.G. have been prescribed under Section 10 of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971. (C& A.G's D.P.C. Act, 1971).

The C. & A.G., from the accounts compiled prepare in each year accounts (including Appropriation Accounts) showing under the respective heads of Annual Receipts and Disbursements for the purpose of the Union, of each State and of each Union Territory having a Legislative Assembly and submit those accounts to the President or the Governor of a State or the Administrator of Union Territory having a Legislative Assembly on or such dates he may determine.

It shall be the duty of the C. & A.G. –

- (a) To audit all expenditure from the Consolidated Fund of India, and of each State and of each Union Territory having a Legislative Assembly to ascertain whether the monies showing 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 Fund 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.

He conducts the audit of receipts and expenditure of bodies or authorities substantially financed from Union and of the States.

He shall have authority to audit and report on the accounts of Stores and Stock kept in any office or Department of the Union and of the States.

Powers of C. & A.G. in connection with audit of Accounts

The C. & A.G. shall in connection with the performance of his duties, have authority –

- (a) To inspect any office of accounts under the control of the Union, or of a State, including the Treasuries and such offices responsible for the keeping of the initial and subsidiary accounts, as submits accounts to him;
- (b) To require that any accounts, books, papers and other documents which deal with or form the basis of or are 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 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.

AUDIT OBJECTIONS / AUDIT PARAS AND FACING P.A.C.

Audit is the scrutiny of financial transactions carried out by the Executive authorities of an Organization which are presented in the form of Annual Accounts and these financial transactions were carried out as per the prescribed Rules, Regulations, Codes and Manuals, Government Orders and Executive Instructions etc.

The audit of C. & A.G. is comprehensive and manifold. It involves among others –

- (a) Test Audit
- (b) Regularity Audit
- (c) Appropriation Audit
- (d) Propriety Audit/Discretionary Audit
- (e) Efficiency-cum-Performance Audit etc.

Test Audit is the audit conducted to check whether the due procedures to be followed in different Wings of the Accounts Department are being followed. It involves test check of a few sample/typical transactions for each category of transactions. Here the objective is to check the following:-

(i) Rules and Regulations

(ii) Procedural formalities

(iii) Excess/Under financing etc. Test Check is resorted to whenever there is doubt regarding the nature of transactions/quality of transactions etc.

Records to be produced to Audit: Inspecting Audit Officer will issue a Memo calling for production of list of records to be produced. All the records as asked for to be produced for audit.

Replies to Pending Paras of Previous Audit Reports:-

Inspecting Audit Officer also gives a List of Pending Paras of Previous Audit Reports detailing Gist of the Para, Action taken by the Department on the audit Observation. This information is to be furnished by the Department. He verify the records where the objections were dropped subject to verification etc.

The Department is expected to take proper action on each objection and see that as many objections of Previous Reports are dropped.

All the objections raised by the Audit Party do not take place in the C. & A.G. Report. Only Major Objections will be taken to C. & A.G. Report. Other objections will be communicated in the Test Audit Report and will be settled at Dy. A.G. level. Major objections will be taken to C. & A.G. report and communicated in the form of Factual Note. Government/Head of the Department will be given a six week time and no reply has been received from Government/Department, the objection will be taken to C. & A.G. Report.

In the C. & A.G.'s Report all the objections of Civil Departments for each Financial Year will be discussed Department wise. After its approval by the C. & A.G. the Audit Report of each State Government will be presented to the Governor. The Governor, shall cause the report to be tabled before the Legislative Assembly/Legislative Council of the concerned State. The Speaker of the Assembly will refer the C. & A.G. report to the Public Accounts Committee.

It is here, the official who is in charge of settlement of CAG Audit Objections will have to show his diligence in convincing A.G. along with the members of P.A.C. in accepting the transaction carried out. If not, he has to face tough time in convincing Government in condoning the defect and save him from the wrath of PAC in that particular transaction.

Settlement of Audit Paras/Objections:

The Audit Paras/Objections may be rectified/settled by recovery of the amount as pointed out.

The Audit Paras/Objections may be rectified/settled by maintaining the details afresh as noted in the Objection (Maintenance of Records).

The Audit Paras/Objections may also be got settled by getting transactions ratified by the Higher Authorities or the Government.

Non-Audit PAC Paras Follow up Action:

The PAC refer the Audit Paragraphs not settled by the PAC to the Ministry/Departments concerned for furnishing of notes duly vetted by the audit showing remedial/corrective action taken on all the paragraphs contained therein. The remedial/corrective action taken Replies Notes received from Government are sent to C. & A.G. for categorization like

- a) Accepted;
- b) Partially accepted;
- c) Not accepted.

Submission of compliance reports leading to closing of the audit paras settlement of Audit Objections and closure of Audit Paras:

The A.G. may settle / drop the Audit Paras in the form given below:-

- 1. Dropped on the responsibility of the Officer given below;
- 2. Dropped subject to verification during the next local audit;
- 3. Dropped as the latest has been commenced
- 4. Dropped on verification during local audit.

It requires a lot of patience and perseverance to deal with the Audit objections. The officers handling the files of Audit paras have to collect the information, carry on the relevant entries in the connected records, pursue the matter with concerned officers and then prepare the statement of 'remarks' for closure of Audit Paras. It is not possible to convince the A.G. for closure of Audit Paras. But the officers have to pursue the matter doggedly till the Audit Paras are closed.