

Role of the Comptroller & Auditor General of India



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Dedicated to Truth in Public Interest

Akhil Sanalkumar, IA&AS



- Comptroller
 - French origin
 - *To keep a check on*
- Independent, Constitutional Post
 - Neither a part of the Executive nor the Legislature
 - Holds the Executive accountable to the Legislature in the floor of the House
- Supreme Audit Institution of India
- Heads the Indian Audit & Accounts Department
 - Under whose name all Audit Reports are signed and issued

C&AG: In a Nutshell

History



Gorton Castle, Shimla

• Pre-Independence:

- Established in 1858 as the Accountant General to Government of India
 - Re-designated as Comptroller & Auditor General
 - Government of India Act, 1935
 - Responsibility of accounting and audit of GoI and 11 Provincial Governments assigned
 - Removal similar to the Judge of the Federal Court
 - Debarred from holding any office under the Crown in India after retirement
-

Post-Independence:

- Enactment of the Constitution on 26 January 1950
- CAG made responsible for accounting & audit of States
 - With effect from 1st April 1950
 - J&K came under jurisdiction from May 1, 1958
- Independence of the C&AG enshrined in Article 148
 - Appointed by the President on the recommendation made by the Prime Minister of India
 - Removal similar to a judge of the Supreme Court of India
- Powers and duties in relation to the accounts of the Union and of the States and of any other authority or body

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- Service conditions of the CAG
- Appointment by the President of India
- Removal of the CAG: SC Judge

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- Empowers the CAG to audit the accounts of the Union and State governments
- Any authority or body that is financed by the government

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- Prescribes form of Accounts

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- Relation with Legislature

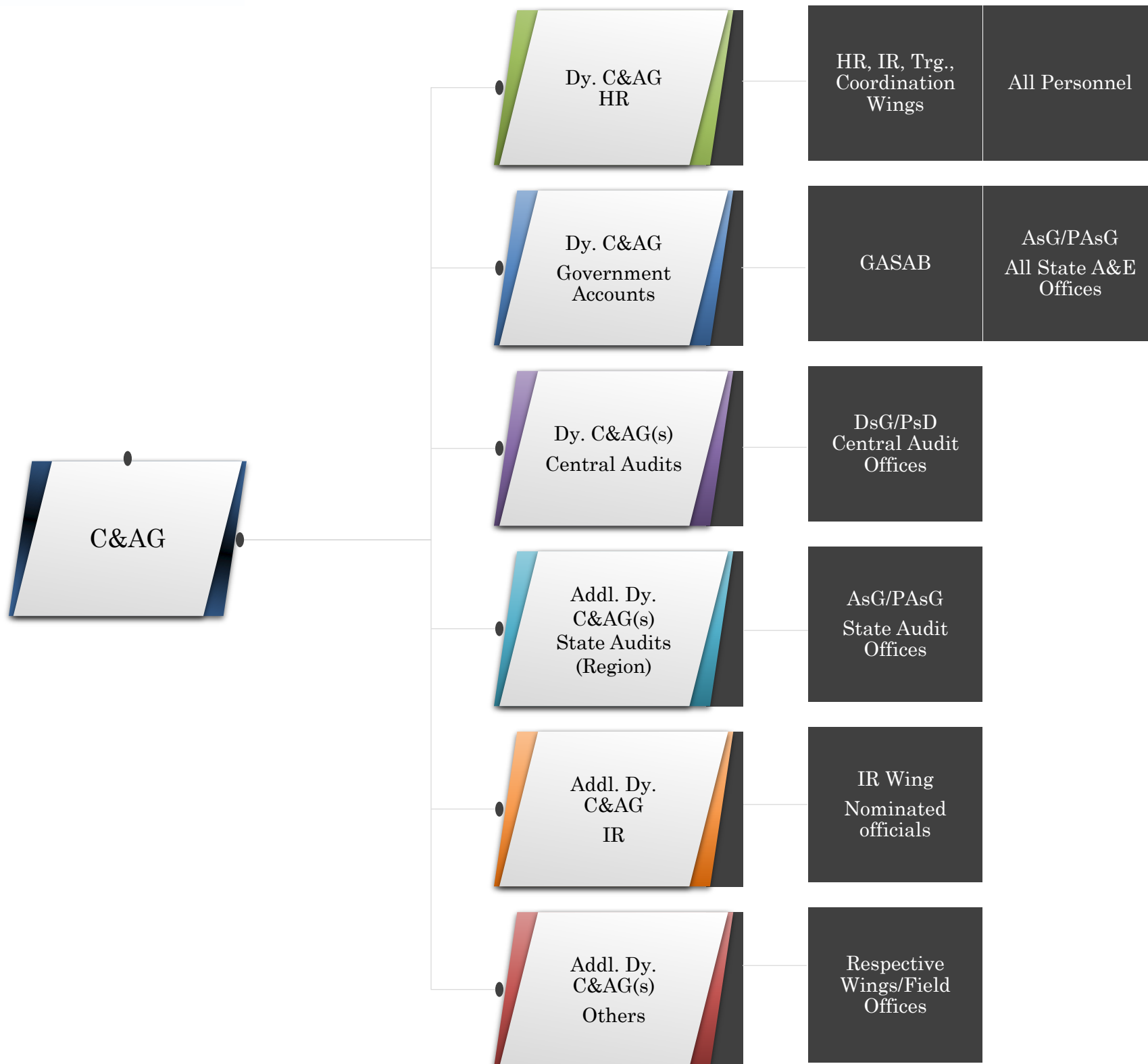
Mandate

DPC Act (1971)

- Act of Parliament
- Defines the duties & functions of C&AG
 - Audit
 - Accounts
 - Entitlements
- Role of C&AG with respect to the Legislature
- Ambit of C&AG

Organization

- The C&AG is the head of the Indian Audit and Accounts Department
 - Headquarters in New Delhi
 - Deputy C&AGs and Additional Dy. C&AGs
 - In charge of the various wings of the department spread over the country
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- Field Offices/Establishments
 - Headed by the Principal Accountants General/Accountants General, Directors General/Principal Directors
 - Audit of the State Government departments, Public Sector Undertakings, Autonomous bodies (both Central and State), Defence, Railways, Finance & Communications.
 - Accounting functions of the State Government
 - Authorizing authority of entitlements of State government employees.



The Accountant

- CAG's (DPC) Act, 1971
- Articles 149 & 150 of the Constitution
- Compilation of accounts of States
 - Compiles accounts from the subsidiary accounts submitted by treasuries and other account rendering sources
 - Primary Compilation: Onus on AG
 - Secondary Compilation: Onus on the State



- Prepare & submit the Annual Accounts
 - To the Governors of States/Administrators of Union Territories (UTs)
 - GASAB
 - Setup in 2002 by C&AG with MoF, GoI
 - Dy. CAG – Chairperson
 - Enhance accountability mechanisms
 - Implementation of IGAS
-
- Essential to understanding Government's Financial Position
 - Where does the money come from?
 - What is it spent on?
 - Liabilities of the Government
 - Budgeting and how does it relate to Accounts

The Issuer

- Entitlement functions for
 - State Government employees
 - All India Services
 - Judicial Services
 - UGC



- Authorization of pensionary benefits
 - 19 States
 - Pension Payment Orders
- Maintenance of General Provident Fund accounts
 - 20 States
 - GPF Authorization
- Gazetted Entitlements
 - 9 States
 - Pay revision
 - Pay slip

“

Not
Just
An
Accountant!

”

Audit

- What is Audit?
 - *“An official inspection of an organization's accounts, typically by an independent body”*
 - A-Z Checking and Validation
 - Looks into various aspects - Finance, HR, IT, Strategies, Policies, Core functioning
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- An assessment about the overall functioning of any organization
 - Types of Audit
 - Compliance Audit
 - Financial Audit
 - Performance Audit

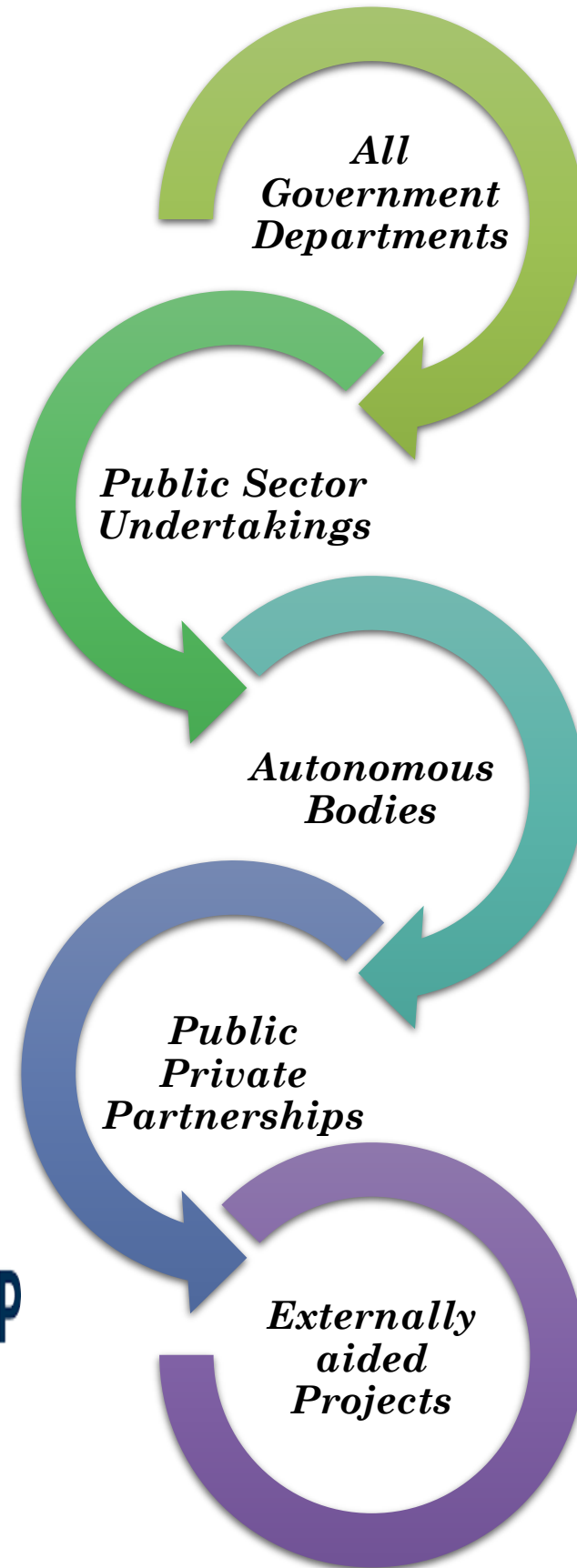
Audit Universe



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सत्यमेव जयते



*The images given here are only for representation.
The list of auditees covered is non-exhaustive!*

Compliance Audit

- Independent examination
 - To assess whether the entity is complying with
 - Applicable laws
 - Regulations
 - Policies
 - Procedures
-
- To determine the implementation of adequate internal controls
 - To identify any deficiencies in these controls that may result in non-compliance
 - Typically involves reviewing documents, interviewing personnel, and observing processes to assess the effectiveness of the internal controls

- *How do we use our resources?*
 - *Mainly to ensure that public funds are used in accordance with the law*
 - *To identify any instances of fraud, waste, or abuse*



Financial Audit

- Examination of an entity's financial statements and records
 - To determine whether they are accurate, reliable, and comply with applicable accounting standards, laws, and regulations
 - Provide a true and fair view of the financial position, performance, and cash flows of the entity
 - Involves reviewing financial statements, transaction records, and supporting documentation to evaluate the accuracy and completeness of financial information.
 - May also involve evaluating the effectiveness of internal controls related to financial reporting

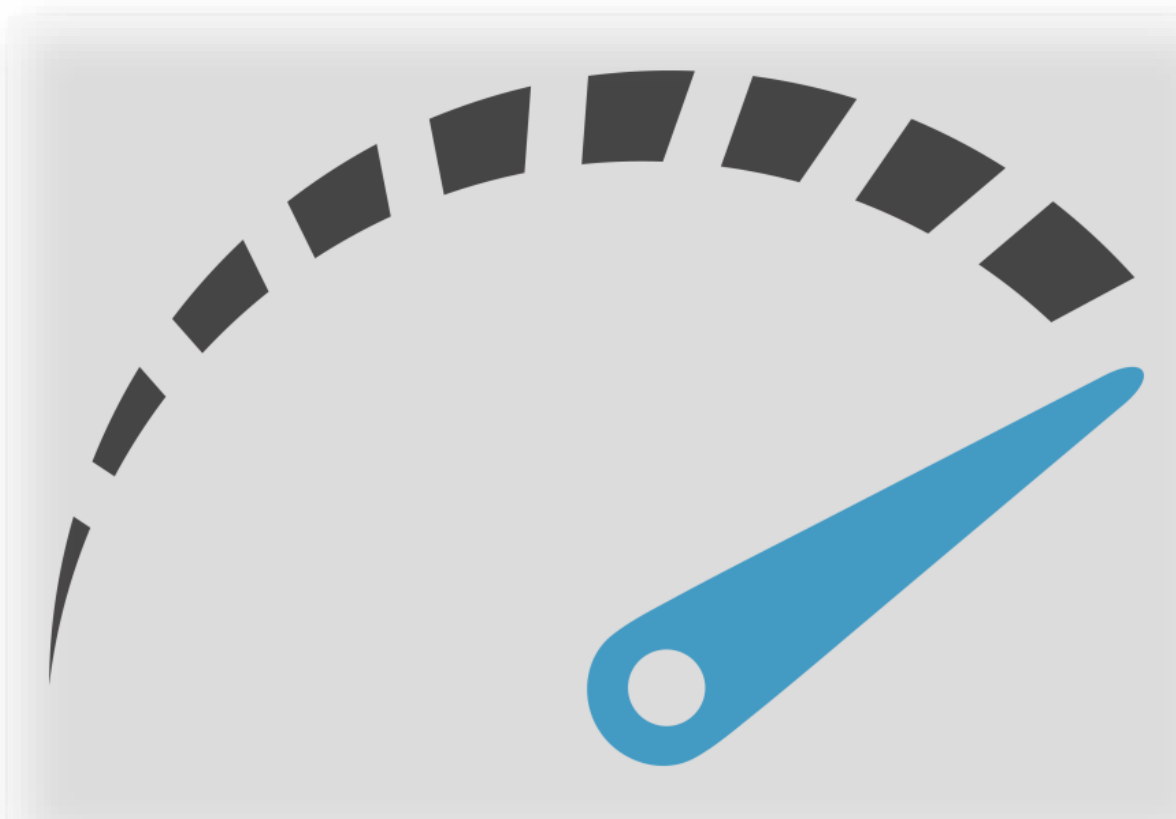
- *Whether there is veracity in the Financial information provided?*
 - *Reported for corrective actions*



Performance Audit

- *Value for money*
 - *Effective (outcomes and total output)*
 - *Efficient (input: output)*
 - *Economical (cost of our inputs) in utilizing the resources*

- Evaluation of an entity's operations, systems, and processes
 - Focuses on evaluating the economy, efficiency, and effectiveness of an entity's programs, projects, and activities
 - Analyzing data
 - Interviewing personnel
 - Reviewing documentation
 - Assessment of entity's risk management practices,
 - Internal controls
 - Governance arrangements

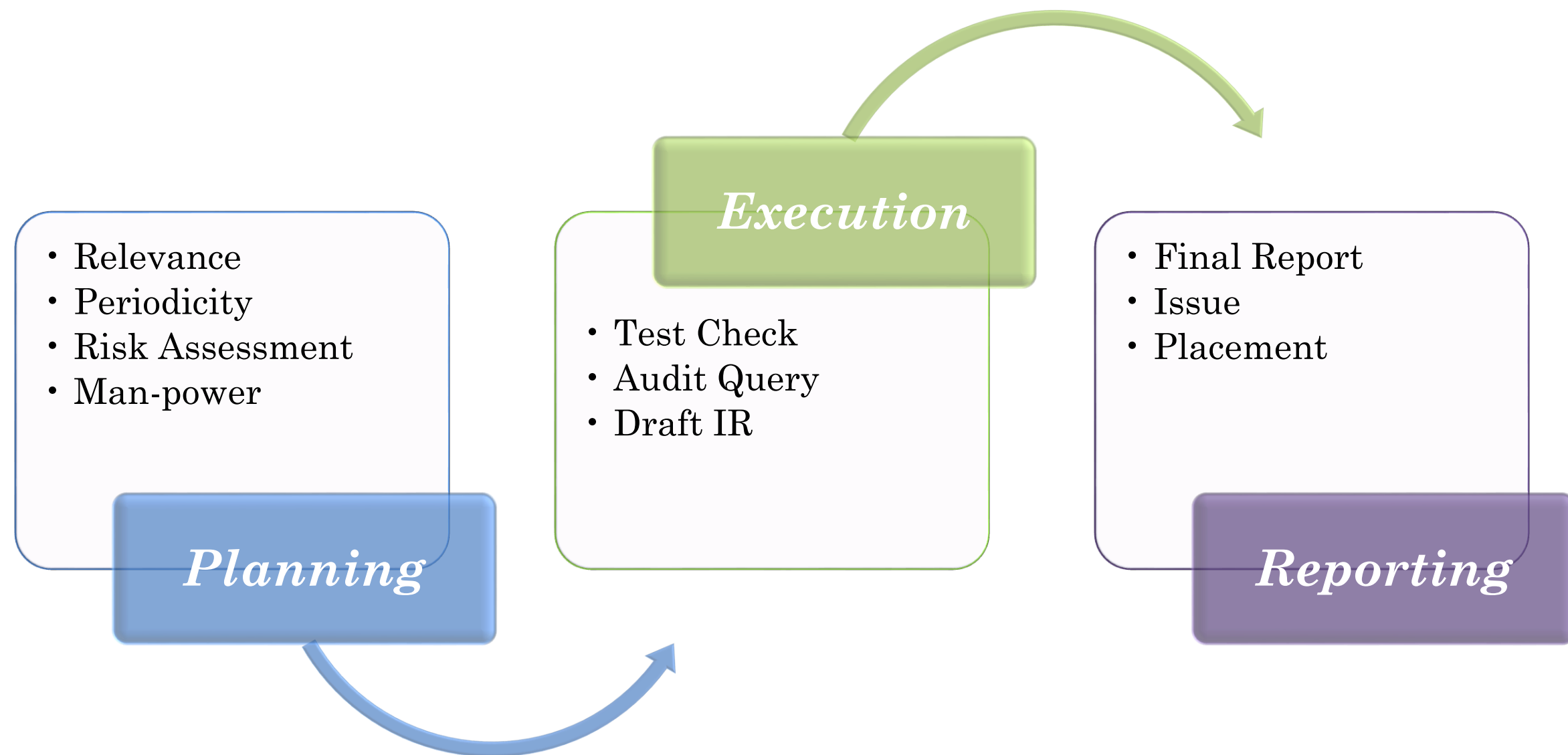


Other Audits

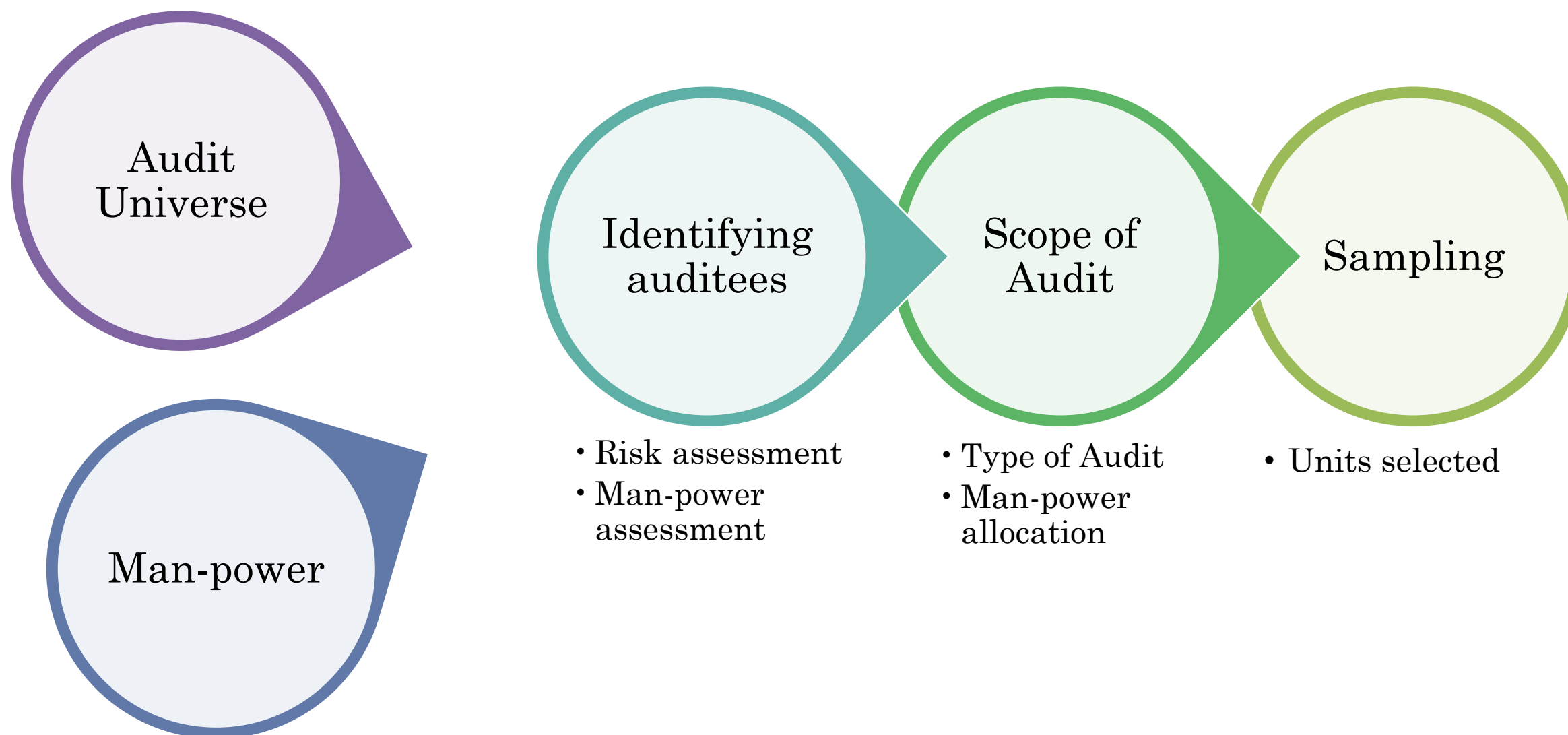


- Thematic Audit
 - An in-depth audit
 - Similar to Performance Audit
 - Limited to a particular theme
 - Could cover multiple departments
-
- IT Audit
 - Specific nature
 - Assessment of IT Systems/Applications
 - Functionality of the Systems
 - Security of the System/Application
 - Implementation of the System
 - Financial Aspects of Project

Audit Process



Planning



Execution



What after Audit?

Preparation of Reports

- Draft IR processed
- Responses received scrutinized
- Final Report with emphasis on key areas

Submission of Reports

- Final reports submitted to the President/Governor
- Placed before Houses of the Parliament/State Legislature
- Reports made available to the public via the CAG website

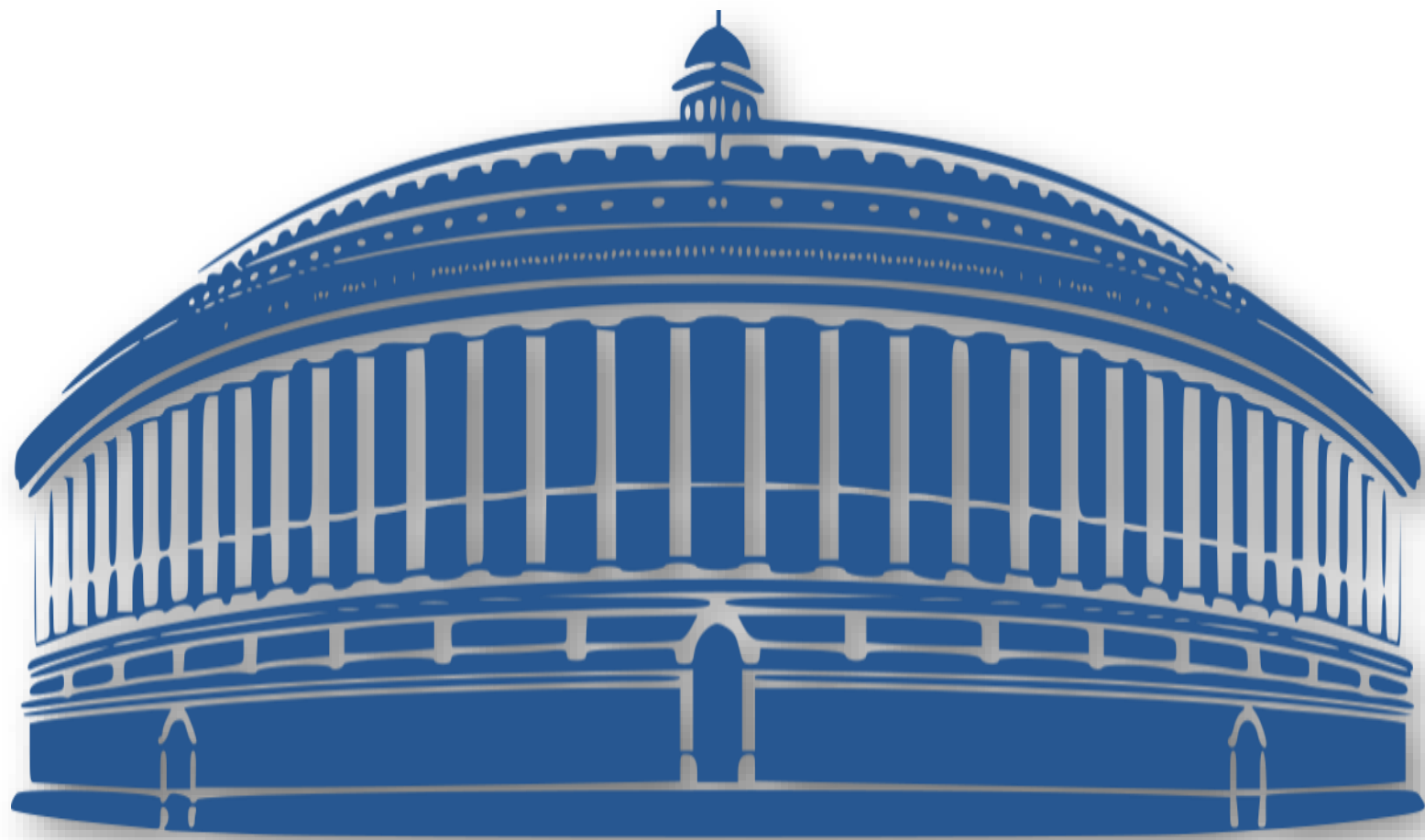
Follow-up

- Corrective actions on the comments/suggestions followed up regularly
- Discussed in the PACs
- Taken up for subsequent audits



Relationship with the Legislature

*Friend,
Philosopher &
Guide*



- Reports scrutinized by the Public Accounts Committee (PAC) of Parliament
 - Submits its own reports to the Parliament
 - PACs of the State Legislatures also carry out similar functions
-
- The CAG reports are a tool for the Legislature to hold the government
 - Accountable for its actions
 - To ensure transparency and
 - Good governance

Impact

- Governance
 - Informed decision making
 - Corrective actions
 - Accountability
 - Public awareness
 - Media coverage
-



Impact & Challenges

Challenges

- Access to Records
 - Time-frame not prescribed
 - Data access
 - Infrastructure mismatch
- Response from Government
 - Poor
 - Delayed
- Technical Expertise
 - Overlook technical issues
 - More fixated on financials
- Reduced involvement of PAC
 - Encourages lack of accountability
 - Topical relevance/Time factor

Looking Ahead

- *Global Standards*

- *Leader in the INTOSAI & WGITA Forums*
- *Part of various Working Groups*
- *Preparation of Guidance documents*

- **Leveraging IT**

- Digi-Gov environment
- Capacity building
- Tech-enabled systems
- Digital services

- **NRA**

- Resource Accounting
- Initiative of GASAB
- C&AG handholding States
- In line with SDG 2030
- First phase in progress
 - Mineral Resources

“

The CAG shall be the most important officer under the Constitution of India. For he is to be the guardian of the public purse and it is his duty to see that not a farthing is spent out of the Consolidated Fund of India or of a State without the authority of the appropriate Legislature.

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Summing Up!



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Case Study

COVID-19 Vaccination Programme: Audit

Background

Methodology

Objectives

Findings

Scope

Solutions

Thank You!