

COMPTROLLER AND AUDITOR GENERAL OF INDIA

❖ Duties and Powers

The Comptroller and Auditor General of India (CAG) is the Head of the Indian Audit and Accounts Department (IA&AD) and derives his constitutional standing as the Auditor of the Union and State Governments from Articles 149 to 151 of the Constitution. The duties, powers and conditions of service of the Comptroller and Auditor General are laid down in the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Audit Duties

The statutory duties of the CAG include audit of:

- Receipts and expenditure of the Union and the State Governments accounted for in the respective Consolidated Funds.
- Transactions relating to the Contingency Funds (created for use in emergency circumstances) and the Public Accounts (used mainly for loans, deposits and remittances).
- Trading, manufacturing, profit and loss accounts and balance sheets and other subsidiary accounts kept in any Government Department.
- Accounts of stores and stock kept in Government organisations, Government companies and Government corporations whose statutes provide for audit by the CAG.
- Authorities and bodies substantially financed from the Consolidated Funds of the Union and the States.
- Any body or authority even though not substantially financed from the Consolidated Fund at the request of the President or the Governor.
- Accounts of bodies and authorities receiving loans and grants from the Government for specific purposes.

There is special arrangement for the audit of Government companies i.e. where equity participation is 51 per cent or more. The primary auditors of these companies are Chartered Accountants, appointed by the Union Government on the advice of the CAG. The CAG gives directions to the Chartered Accountants on the manner in which the audit should be conducted. He is also empowered to comment on or supplement the reports of the primary auditors. In addition, he has the right to conduct audit of accounts of such companies and report the results of audit to Parliament and State Legislatures.

A special feature of the audit of such Government companies and Public Sector Undertakings is the periodic comprehensive appraisal of their working by the Audit Boards constituted by the CAG. Experts in disciplines relevant to the operations of a PSU are appointed as members of these Audit Boards. The Audit Boards undertake comprehensive appraisals in the form of Audit Reviews of a few selected undertakings each year which are incorporated in the CAG's Commercial Audit Reports. Similar Audit Boards have also been set up in a few States for audit of PSUs of the State Governments.

Accounts Duties

The Constitution provides that the format of the accounts of the Union and the State Governments is prescribed by the President on the advice of the CAG. The CAG's (DPC) Act, 1971 authorises the CAG to lay down for the guidance of Government departments, the general principles of Government accounting and broad principles applicable to audit of receipts and expenditure. The CAG also plays a fiduciary role in federal financial relations. Under Article 279 of the Constitution he ascertains and certifies the net proceeds of taxes levied and collected by the Union but assigned to the States or distributed between the Union and the States.

In addition to his audit responsibilities, the CAG continues to compile the accounts of the State Governments except Goa. The accounts of Union Territories of Chandigarh and Dadra & Nagar Haveli are also compiled by the Department.

The CAG authorises the salary and allowances to officers of a few State Governments. He also authorises payment of pension and other retirement benefits to the employees of most of the State Governments and Union Territories and maintains their Provident Fund Accounts.

Audit Reports

Apart from the certification of Appropriation Accounts and Finance Accounts of the Union and the State Governments and submission of Separate Audit Reports of Statutory Corporations and other Autonomous Bodies for which the CAG is the sole Auditor, the CAG brings out a number of Audit Reports relating to Union Government and the State Governments. The broad categories of Reports being brought out by the CAG are as follows:

Union Government

Civil
Autonomous Bodies
Scientific Departments
Post & Telecommunications
Defence
Railways
Indirect Taxes
Direct Taxes
Commercial

State Government

Civil
Receipts
Commercial

The CAG communicates his major findings and observations in the above Audit Reports every year. These Reports and certified Finance and Appropriation Accounts are submitted to the President or Governors for being laid before the Parliament or the State Legislatures. Audit Reports on Public Sector Undertakings and Autonomous Bodies are sent to the concerned Ministries or Departments for being laid before the Parliament or the State Legislatures. Significant points in paragraphs / reviews included in various Reports of the CAG for the year ended March 2000 are given in Chapter II and III of this Report.

❖ Organisational Structure

The CAG discharges his duties and functions through the Indian Audit & Accounts Department. The office of the CAG directs, monitors and controls the activities of various offices of the Department and is responsible for development of organisational objectives and policies, auditing standards and systems, laying down policies for management of manpower and material resources of the Department and final processing and approval of the Audit Reports to be laid before the Parliament and the State Legislatures.

For carrying out these diverse responsibilities, field formations exist for each specific area of Auditing and Accounting. As on 31 March 2001, there were 105 field formations with 88 Branch offices and 441 Resident Audit Offices spread all over the country. The functional structure of the Department is shown schematically in the Chart. The functional distribution of Main Offices, Branch Offices and Resident Audit Offices (RAPs) is indicated below (The details of field offices and branch offices are given in the Annexure):

Category	Main	Branch	RAP*
I. Audit offices - Union			
Civil	5	5	23
Defence	3	16	5
P&T	1	16	32
Railways	10	6	153
Commercial	12	13	116
Overseas	2	-	-
Sub-total (I)	33	56	329
II. Audit offices-States	35	19	112
Total Audit Offices (I+II)	68	75	441
III. A&E offices-States	26	13	-
IV. Training Institutes	11	-	-
Grand Total	105	88	441

* Resident Audit Offices (also includes Divisional Audit Offices, Workshop Audit Offices, Construction Audit Offices, Stores Audit Offices, Traffic Audit Offices etc. in Railway Audit Offices and sub-branch offices in Defence Audit Offices)

❖ Personnel

The Department consists of over sixty thousand personnel in Groups A, B, C and D categories spread over 105 field formations throughout the country.

Group A Officers Cadre

Group A Officers constitute the Executive Cadre of the Department and are responsible for effective management of auditing and accounting functions. Almost all the Group A officers in the Department belong to the Indian Audit and Accounts Service (IAAS). Recruitment to the IAAS is either directly through the Union Public Service Commission or by promotion from amongst the middle level Group B Supervisory officers of the Department. Each major office in the Department has a separate Welfare Officer in Group A. Senior Principal Private Secretaries and Principal Private Secretaries who are attached to Secretary level officers and above are also Group A Officers.

Group B Officers Cadre

- Promotion to the Junior Supervisory Cadre viz. Section Officers Grade (Group 'B'-Non-Gazetted) is through a professional qualifying examination (Section Officers Grade Examination) conducted separately for different branches such as Accounts, Civil Audit, Railway Audit, Defence Audit, Post and Telecommunications Audit and Commercial Audit.
- Group B officers (Gazetted) consisting of Senior Audit Officers/Senior Accounts Officers, Assistant Audit Officers/Assistant Accounts Officers in their respective spheres of Audit and Accounts duties, constitute the Middle Level Supervisory Cadre of the department. These posts are filled by promotion from within the department on the basis of seniority-cum-merit.

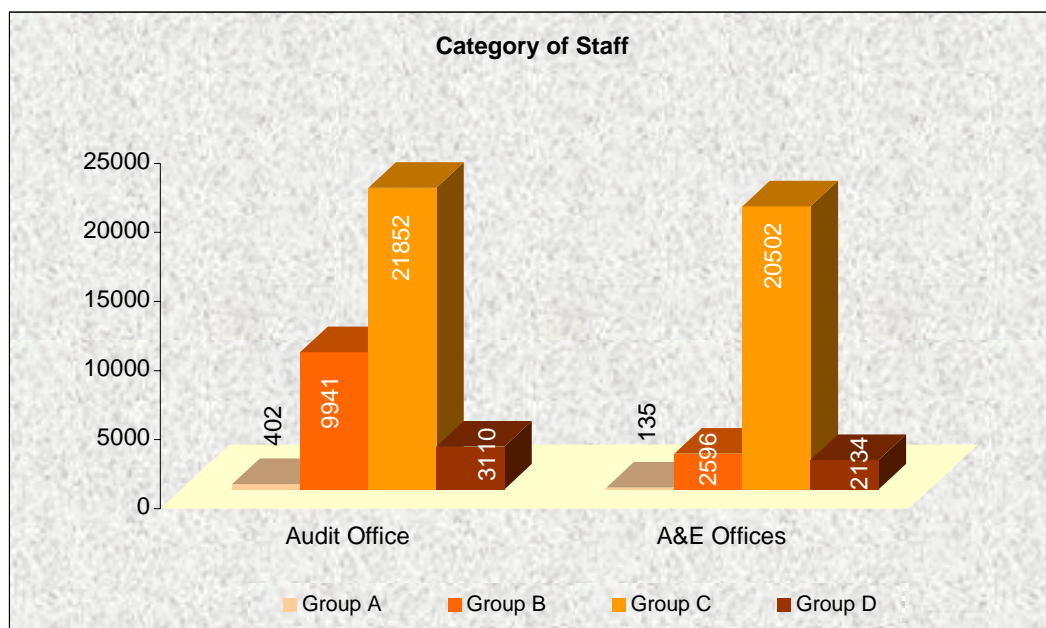
- Private Secretaries (Group 'B'-Gazetted) and Stenographers Grade I (Group 'B'-Non-gazetted) provide secretarial assistance.
- Data Managers, Sr. Data Processor, Data Processors (Group 'B'-Gazetted) and Sr. Console Operators (Group 'B'-Non-gazetted) perform EDP functions.

Group C and D Cadre

Group C officials which consist of Sr. Auditors/Auditors, Sr. Accountants/Accountants, Stenographers (Grade II and Grade III) and Clerks constitute an important component of the department and are directly recruited through Staff Selection Commission. Console Operators and Data Entry Operators man the EDP posts. Messengers and Staff for watch and ward and other ancillary functions make up the Group D Cadre of the department.

The distribution of the Personnel in the Department in Group A, B, C and D categories as on 1st March 2001 is given below:

Category of Staff Group	Number of Personnel as on 1 March 2000		
	Audit offices	A&E offices	Total
A	402	135	537
B	9941	2596	12537
C	21852	20502	42354
D	3110	2134	5244
Total	35305	25367	60672



Senior Divisional/Divisional Accounts Officers/Divisional Accountants Cadre

A cadre of Senior Divisional/Divisional Accounts Officers and Divisional Accountants is administered in 13 States by the Accountants General (A&E). They work in various divisions of the Public Works Department of the State Governments as Accountants-cum-Financial Assistants-cum-Internal Auditors. As on 1st March 2001, 657 Senior Divisional Accounts Officers, 932 Divisional Accounts Officers-Grade I (Gp.'B'), 674 Divisional Accounts

Officers-Grade II (non-gazetted) and 1310 Divisional Accountants were functioning in the Department.

Reserved Categories of Posts

In keeping with the National Policy, posts are reserved for various categories of staff belonging to Scheduled Castes (SC), Scheduled Tribes (ST), Physically Handicapped (PH), and Ex-Servicemen (ES) and Other Backward classes (OBC) etc. Number of such personnel as on 1st March 2001 and recruited during the year 2000-01 is tabulated below:

No. of persons as on 1st March 2001

Group	Category				
	SC	ST	PH	ES	OBC
A	119	33	-	5	30
B	1838	325	102	31	63
C	7438	3203	491	490	940
D	1664	522	112	510	355
Total	11059	4083	705	1036	1388

Recruitment during 2000-01

Group	Category				
	SC	ST	PH	ES	OBC
A	14	0	0	0	4
B	2	2	1	0	0
C	98	56	17	7	206
D	72	17	4	38	69
Total	186	75	22	45	279

❖ Examinations

The Department conducts a number of examinations for screening candidates for career advancement within the organisation. Notable among them is the Section Officers Grade Examination (SOGE) which is the main selection mechanism for promotion to the Junior Supervisory Cadres. The details of various examinations conducted by the Department during the year 2000-01 and the number of candidates appeared and passed in these examinations are tabulated below:

Sl. No.	Name of Examination	No. of candidates appeared	No. of candidates passed
1.	Section Officers(SOs) Grade Examination	4638	836
2.	Revenue Audit Examination for SOs/AAOs of Audit offices	1063	115
3.	Incentive Examination for SOs/AAOs of A&E offices	632	57
4.	Departmental Examination for IAAS probationers (in 2 parts)	43	30
5.	Special Examination for SC/ST IAAS probationers	22	18

Staff Associations

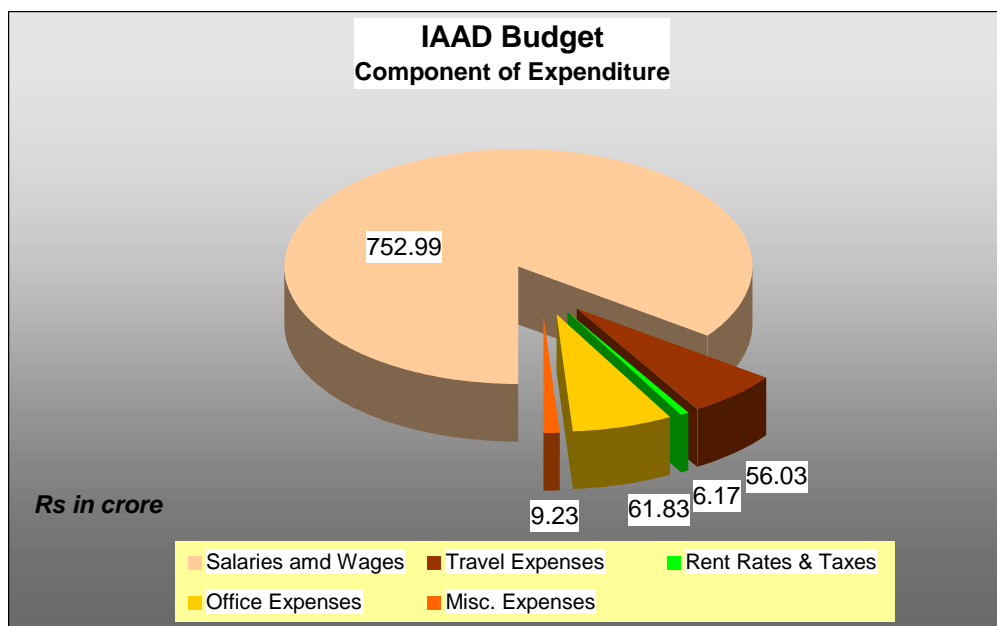
Headquarters approval for grant of recognition to 187 Associations which applied as per distinct categories has been conveyed. The process of conducting reverification of membership of all Associations where the initial period of recognition is over or where it will be over in the next six months, is in progress. Fresh applications seeking recognition are also being processed simultaneously.

❖ Budget of IA&AD

IA&AD incurred a total expenditure of Rs.886.25 crore during the year 2000-01, the details of which are indicated below :

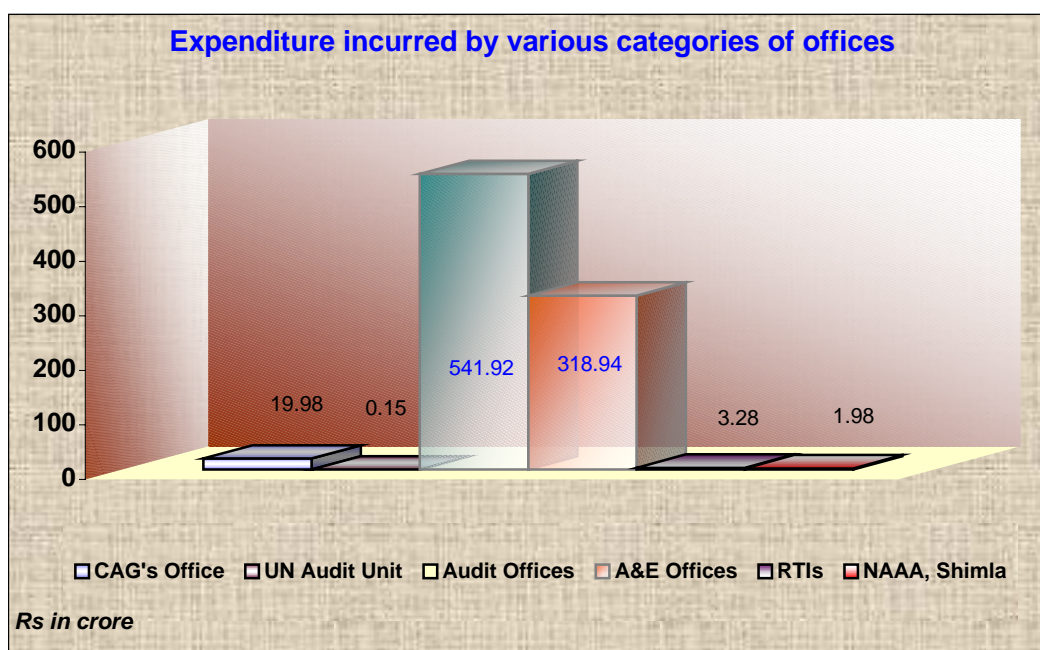
(a) Components of expenditure

Sl. No.	Components of Expenditure	Amount (Rs. in crore)	Percentage to the total expenditure
1.	Salaries and Wages	752.99	84.96
2.	Travel Expenses	56.03	6.32
3.	Rent, Rates and Taxes	6.17	0.70
4.	Office Expenses	61.83	6.98
5.	Miscellaneous Expenses	9.23	1.04
	Total	886.25	100



(b) Expenditure incurred by various categories of offices

Sl. No.	Various categories of offices	Amount (Rs. in crore)	Percentage to the total expenditure
1.	CAG's office	20.13	2.27
2.	Audit offices	541.92	61.15
3.	A&E Offices	318.94	35.99
4.	RTIs	3.28	0.37
5.	NAAA, Shimla	1.98	0.22
	Total	886.25	100



❖ **Cost of Audit and Accounts**

Expenditure on Audit functions accounted for Rs.557.92 crore including administrative and training overheads. Expressed as percentage, the expenditure of the department was 0.0557 per cent of the total value of Government transactions audited during the year 2000-01. The summarised position of the Central and State Governments transactions audited during the year 2000-01 is indicated in the table mentioned below:

(Rs. in crore)			
Particulars	Union Government	State Governments	Total
I.Expenditure			
Revenue expenditure	281098	272939	554037
Capital expenditure	57389	32321	89710
Total - I	338487	305260	643747
II Revenue Receipts			
Tax Revenue	146209	126751	272960
Non-Tax Revenue	57464	26221	83685
Total - II	203673	152972	356645
Total (I+II)	542160	458232	1000392

The above grand total indicating the total value of Government transactions audited by the CAG during the year 2000-01 does not include transactions of the Central and State Public Sector Undertakings, Autonomous Bodies, Bodies substantially financed by Government grants and loans, Public debt transactions of the Union and State Governments which are also audited by the CAG within the overall expenditure of Rs. 557.92 crore on audit functions in IA&AD.

FUNCTIONAL CHART OF IAAD

