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Business Times Bureau

*The Times of India (1861-2010)*; Nov 29, 1996; ProQuest Historical Newspapers: The Times of India

pg. 15

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**By Business Times Bureau**

NEW DELHI: The Comptroller and Auditor General of India (CAG), the supreme audit institution in the country, has sought wide-ranging powers to undertake more effective audit of public expenditure at the Centre and the states. It also wants to bring within its purview the audit of public sector banks, financial institutions and non-government organisations (NGOs) receiving government grants. In another major recommendation, it has called for "concurrent-audit" of high-value contracts in public sector undertakings (PSUs).

The recommendations for amendments to the CAG (Duties, Powers and Conditions of Service) Act, 1971, have been made by the 19th conference of auditor generals at the behest of Prime Minister H.D. Deve Gowda. The recommendations are clearly in response to the current national debate over corruption and lack of probity in public transactions.

The conference, which was held here this week after a gap of five years, was encouraged by the prime minister to do some "radical thinking" on strengthening the institution of audit, which, he rued, had been denigrated over the years by "cheap

party politics," with the ruling party often trying to protect the executive. The Prime Minister had promised that the government would act on the recommendations of the conference.

According to a CAG press statement, the "far-reaching recommendations" made by the conference "could change the face of Indian audit in coming years."

The proposed amendments to the Act would remove the existing constraints to take up audit of a large number of government and non-government organisations. They would also empower the CAG to secure the documents required for audit as well as the response of auditee organisations "within a stipulated time limit," failing which punitive steps would be possible.

An important recommendation relates to a proposed amendment to the Act that would make it obligatory for the government to lay the audit reports on the table of the houses of Parliament or state legislature without delay.

According to Comptroller and Auditor General of India V.K. Shunglu, at present it is provided that the "CAG will submit its report to the government which will place it on

the table of the House." Mr Shunglu feels that the provision should be amended to enable CAG reports to be placed on the table of the house directly.

"What role can we play when important reports are systematically ignored, neither placed on the table of the House nor taken for consideration by the concerned committee?" Mr Shunglu wondered.

Discussing the role of audit in curbing corruption, the conference felt that audit "cannot overlook the importance of probity in public transactions." It felt that audit checks should be directed to ensure that the existing procedures were sound and were implemented faithfully to minimise the chances of their being "subverted to the detriment of the interest of the state exchequer."

In an obvious reference to recent cases of swindling of public money such as the multi-crore Bihar animal husbandry scam where huge amounts were drawn in excess of the sums provided for year after year, the conference recommended the introduction of "exchequer control and strict measures to enforce reconciliation of accounts." This would limit

spending to amounts voted by the legislature.

On public sector undertakings, the conference noted that out of 991 PSUs under the various state governments, accounts of 552 were in arrears, "some even for 20 years." It recommended a number of measures, including stern action against erring managements.

To more effectively discharge their function, the auditor-generals suggested a number of steps for computerisation of accounts in the states, computerisation of provident fund and pension payments as well as the use of computer auditing. The conference also recommended proper organisational arrangements to improve liaison with Parliamentary committees.

The recommendations made by CAG would not only involve amendments to the CAG Act, 1971, but also to a number of other legislations. To implement the recommendation for audit of banks and financial institutions by the CAG, for instance, the Banking Regulation and Development Act may have to be changed. At present, the audit of banks is undertaken by the Reserve Bank of India (RBI).