

## APPENDIX I

*(See paragraph 113)*

### **DUTIES AND POWERS OF THE COMPTROLLER AND AUDITOR GENERAL WITH REGARD TO AUDIT OF ACCOUNTS**

The duties and powers of the Comptroller and Auditor General of India are laid down in the Articles 149—151 of the Constitution of India and the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 (56 of 1971) and amendment Act, 1976 (58 of 1976). For the guidance of officers and staff of the Accounts Department, an extract of the Constitution and the relevant, extracts of the Comptroller and Auditor General (Duties, Powers and Conditions of Service) Act, 1971, and the amendment Act, 1976 are reproduced below :—

#### PROVISIONS IN THE CONSTITUTION

Art. 149—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 of the Provinces respectively.

Art. 150—The Accounts of the Union and of the States shall be kept in such form as the Comptroller and Auditor General of India, may with the approval of the President, prescribe.

Art. 151—(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 or Rajpramukh of the State, who shall cause them to be laid before the Legislature of the State.

### **THE COMPTROLLER AND AUDITOR GENERAL'S (DUTIES, POWERS AND CONDITIONS OF SERVICES) ACT, 1971**

*(No. 56 of 1971)*

Be it enacted by Parliament in the Twenty-second Year of the Republic of India as follows :—

#### **CHAPTER I**

#### **PRELIMINARY**

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

**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 Constitution or of the Government of Union Territories Act, 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.

## CHAPTER II

### SALARY AND OTHER CONDITIONS OF SERVICE OF THE COMPTROLLER AND AUDITOR GENERAL

3. to 9.—Not reproduced.

## CHAPTER III

### DUTIES AND POWERS OF THE COMPTROLLER AND AUDITOR GENERAL

**10. Comptroller and Auditor General to compile accounts of Union and States.**—(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 accounts 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 as respects the accounts of the Union, and the Governor of a State as respects the accounts of that State, may, after consultation with the Comptroller and Auditor General, by order, relieve him from the responsibility for compiling the accounts of any particular service or department of the Union or of a State, as the case may be :

Provided further 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.

**11. Comptroller and Auditor General to prepare and submit accounts to the President, the Government of States and Administrators of Union territories having Legislative Assemblies.**—The Comptroller and Auditor General shall, from the accounts compiled by him or *by 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.

**12. Comptroller and Auditor-General to give information and render assistance to the Union and States.**—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.

**13. General provisions relating to audit**— It shall be 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.

**14. Audit of receipts and expenditure of bodies or authorities substantially financed from Union or State Revenues.**— Where any body 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 financial year is not less than rupees five lakhs and the amount of such grant or loan is not less than seventy-five per cent of the total expenditure of that body or authority, such body or authority shall be deemed, for the purposes of this section, to be substantially financed by such grants or loans, as the case may be.

**15. Functions of Comptroller and Auditor-General in the case of grants or loans given to other authorities or bodies.**—(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 organisation, the Comptroller and Auditor General

shall scrutinise the procedures by which the sanctioning authority satisfies itself as to the fulfilment 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 authorised so to do by the President, the Governor of a State or the Administrator of a 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 sub-section (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 authorisation 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.

**16. Audit of receipts of Union or of States.**—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.

**17. Audit of accounts of stores and stock.**—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.

**18. Powers of Comptroller and Auditor-General in connection with audit of accounts.**—  
(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 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 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 to 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.

**19. Audit of Government Companies and Corporations.—(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.

(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 proposals for such audit.

**20. Audit of accounts of certain authorities or bodies.—(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 purpose 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 be authorised to undertake the audit of the accounts of any body or authority, the audit of the accounts 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.

#### CHAPTER IV

#### MISCELLANEOUS

**21. Delegation of power of Comptroller and Auditor-General**—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 authorised 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 authorised 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.

**22. Power to make rules.**—(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 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 rules 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 days which may be comprised in one session *or in two successive sessions*, and if, before the expiry of *the session in which it is so laid or the session immediately following* both Houses agree in making any modification in the rule or both Houses agree that the rule 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.

**23. Power to make regulations.**—The Comptroller and Auditor-General is hereby authorised to make regulations for carrying into effect the provision of this Act in so far as they relate 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 receipt and expenditure.

24. Power to dispense with detailed Audit.—The Comptroller and Auditor-General is hereby authorised 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.

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

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

**THE COMPTROLLER AND AUDITOR-GENERAL'S (DUTIES, POWERS AND  
CONDITIONS OF SERVICE) AMENDMENT ACT, 1976**

(No. 58 0/1976)

(8th April, 1976)

An Act to amend the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971.

Be it enacted by Parliament in the Twenty-seventh Year of the Republic of India as follows:—

**1. Short Title & Commencement**—(1) This Act may be called the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Amendment Act, 1976.

(2) It shall be deemed to have come into force on the 1st day of March, 1976.

**2. 56 of 1971 Amendment of Section 10.**—In section 10 of the Comptroller and Auditor-General's (Duties, Powers and Conditions of Service) Act, 1971 (hereinafter referred to as the principal Act), *in* sub-section (1).—

(a) for the first proviso, the following proviso shall be substituted, namely:—

"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 order); 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 (order); or
- (ii) the accounts of any particular services or departments of the State ;

(b) in the second proviso, for the words "Provided further" the words "Provided also" shall be substituted.

**3. Amendment of Section 11.**—In section 11 of the principal Act—

(a) for the words "by any other person responsible in that behalf, the words "by the Government or any other person responsible in that behalf shall be substituted;

(b) the following provisos shall be inserted at the end, namely :—

"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 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".

**4. Amendment of Section 22.**—In section 22 of the principal Act.—

- (a) in clause (b) of sub-section (2), after the words "the accounts of, the words ""the Union or of a State or of shall be inserted.
- (b) in sub-section (3), for the words "in two successive sessions", the words ""in two or more successive sessions", and for the words "the session in which it is so laid or the session immediately following", the words "the session immediately following the session or the successive sessions aforesaid" shall be substituted.

**5. Repeal and saving.**—(1) The Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Amendment Ordinance, 1976 is hereby repealed.

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act, as amended by the said Ordinance shall be deemed to have done or taken under the principal Act as amended by this Act.

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