

# A matter of integrity

Posted at: 10/11/2023

## **Introduction:**

The Comptroller and Auditor General of India (CAG) plays a crucial role in this democratic framework by ensuring transparency, accountability, and financial integrity in government's functioning.

## **About CAG:**

CAG is a constitutional body that is created under the constitutional provision mentioned under Article 148-151 under Part V of the Indian Constitution.

He controls the entire financial system of the centre and state.

## **Significance of CAG:**

1. CAG helps maintain the separation of powers between legislature and executive by ensuring that the government's financial activities align with legislative intentions.
2. Through its audit findings and recommendations, the CAG promotes good governance practices and helps governments streamline their operations, reduce inefficiencies and adhere to financial discipline.
3. As India's democracy matures, the CAG's role becomes even more vital in promoting good governance and safeguarding the people's interests.

## **CAG's citizen-centric approach and its benefit:**

1. To effectively discharge this responsibility, it is important for audit to actively work in tandem with citizens, appreciating their concerns and feedback.
2. Citizen engagement guides audit in identifying high-risk areas of possible mismanagement and inefficiencies in governance, thereby improving focus and effectiveness.
3. In India's federal, multiparty democracy with both Union and state governments responsible for implementation of numerous schemes, projects and programmes, enhancing engagement with stakeholders is imperative for audit.
4. This need is further heightened with the paradigm shift in the government delivery system, using Direct Benefit Transfers for flow of funds, and ensuring accurate targeting of beneficiaries.

## **Use of ICT for better results:**

1. Leveraging technology and digital solutions make audit's citizen engagement more effective and scalable.
2. With increasing mobile density, smartphone applications may be used to solicit society's suggestions.
3. Digital reports with interactive data visualisation tools lead to better understanding and

appreciation of our audit products. Deployment of 5G connectivity will transform governance.

4. There is a need to harness the potential of these new technologies in our stakeholders and citizen engagement as well as overall audit strategies to make processes more efficient and effective.

### **Social Audit and its significance:**

1. Social audit is an interesting tool for facilitating citizen oversight.
2. The Parliament passed the National Rural Employment Guarantee Act, whereby Gram Sabhas were required to conduct regular social audits of all projects taken up under the scheme within the Gram Panchayat.
3. The Ministry of Rural Development in consultation with the C&AG office notified the Mahatma Gandhi National Rural Employment Audit of Scheme Rules in 2011.
4. The rules envisaged social audit units in each state as well as the audit process for social audit and follow-up action.
5. The ambit of social audit has been significantly enlarged since.

### **Local Area Governments and their role in ensuring transparency:**

1. The 73rd and 74th Constitutional amendments marked a quantum leap in India's democratic set up, as they created tiers of self-governance below the level of states.
2. Empowering PRIs and urban local bodies and municipalities, envisions people's participation in the process of planning, decision-making, implementation and delivery of a set of functions to be devolved to local governments by state legislatures.
3. These local bodies are further empowered with the Finance Commission's direct flow of funds.
4. Also, these local bodies not only implement the schemes of both Union government and state governments, but ensure transparency and visibility as grassroot participation is envisaged.
5. The primary audit of the accounts of local governments and issue of audit certificates is done by local fund auditors designated by state governments.
6. Hand holding by the CAG to improve local governance, and, hence, strengthen democracy, includes capacity building of state local fund auditors in Audit Planning and Audit Methodologies, through Technical Guidance and Support (TGS) as recommended by the 11th Finance Commission.
7. Over the years, CAG has issued numerous manuals/ guidance, forming the bedrock of auditing and accounting by local governments.
8. Annual Technical Inspection Reports (ATIR) are issued by CAG's state audit offices entrusted with TGS.
9. The primary focus of CAG's local government audit is an assessment of how well the delivery of the services pertaining to devolved functions have reached the last mile or the grassroots, through the efforts of the local governments.
10. Responding to the dearth of competent accountants willing to work in local governments, especially in the lower tiers located in remote places, CAG in collaboration with the Institute of Chartered Accountants of India has envisaged a set of online courses to create a pool of accountants intended to be available at local level, competent to prepare urban and rural local government accounts.
11. Carrying forward this recognition of local self-governance as the true manifestation of democracy and the CAG's responsibility for ensuring accountability, an international centre for local governance has been envisaged.
12. This will serve as a centre of excellence for capacity building of local government auditors, both nationally and internationally; and will serve as a knowledge centre and think-tank,

addressing capacity building for stakeholders at grass-roots level across the nation.

**Conclusion:**

Democracy's vitality lies in its unique synergy of accountability and citizen engagement. While the CAG catalyses good governance, transparency and accountability, the responsibility to nurture and protect democratic principles falls not only on our institutions but on every citizen. It is then that the interplay of these elements fosters a mature democracy of the people, by the people, for the people.



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