

Submission of Reports to Government

7.4.1 The Finance Accounts and Appropriation Accounts which are prepared by the various Accountants General (A&E) are duly certified and signed by the Comptroller and Auditor General. These accounts prepared by other authorities (vide paragraphs 3.16.2 and 3.16.3) are signed/countersigned by the accounting authorities and certified by the Comptroller and Auditor General. The Audit Reports are signed by the Principal Auditors, viz. the Director General of Audit/Accountants General (Audit)/Principal Directors of Audit, etc. and countersigned by the Comptroller and Auditor General. Two copies of the State Accounts and Reports, and three copies of the Central Accounts and Reports bearing the signature of the Comptroller and Auditor General, are forwarded to the respective Governments for submission to the Governor/President in compliance with Article 151 of the Constitution. Two copies of each of the documents relating to the Union Territories are forwarded to the respective Governments of the respective for submission to the Administrator of the Union Territory in compliance with Section 49 of the Government of Union Territories Act, 1963.

7.4.2 One copy each of the documents signed by the Comptroller and Auditor General is returned to the Accountant General (A&E) or the Accountant General (Audit) or Director General of Audit concerned, as the case may be, for record in his office.

7.4.3 On the Reports and Accounts being signed by the Comptroller and Auditor General, the Additional Deputy Comptroller and Auditor General in charge of the Reports relating to the Union Government will forward to the Ministry of Finance all Reports of the Union Government, including those relating to Revenue Receipts but excluding those relating to the Central public undertakings audit observations in respect of which are included in the Commercial Reports. He will simultaneously keep the Secretary to the President informed demiofficially by sending to him an unsigned copy of each of the Reports. The Deputy Comptroller and Auditor General or the Additional Deputy Comptroller and Auditor General, as the case may be, responsible for Railway Audit will take similar action to keep the Secretary to the President informed of the Reports relating to Railways. The Chairman, Audit Board, will, on the other hand, forward the Commercial Reports to Government and the Secretary to the President.

7.4.4 Similarly, the Additional Deputy Comptroller and Auditor General in charge of Reports relating to State Governments will forward them to the Finance Department of the State Government concerned and also keep the Secretary to the Governor informed demiofficially by forwarding to him an unsigned copy of the Reports.

7.4.5 Requisite number of copies of the Union, State and Union Territory Finance Accounts, Appropriation Accounts and Audit Reports may be supplied to the Finance Ministry/Department after these documents are formally submitted by the Comptroller and Auditor General to the president/Governor/Administrator as the case may be. While doing so, it should, however, be clearly stipulated that these copies should be used for purely departmental purposes and neither published nor made available to the members of the Parliament or Legislature or to others until the documents are presented to the Parliament or the State /Union Territory Legislature. Copies of the Reports and Accounts

should be made available to other ministries, departments, etc. only after these have been presented to the Parliament/Legislature.

Notes: When a state is under president's rule, the procedure to be followed for submission of C&AG's Audit Report is the same as that applicable in respect of the Union Government Audit Report.

It has been decided by the Government of India in the Ministry of Finance that wherever President's Rule in a state is extended beyond one year, the C&AG's Reports relating to the state would be placed in Parliament (vide d.o. No. F 6(9) – B(R)/94 dated 22.6.1994 of Ministry of Finance Department of Economic Affairs).

Action taken on the Reports by Government

7.4.6 Soon after the Accounts and Reports relating to a State or Union Territory are presented to the Legislature, the Accountant General concerned will send a report to the Comptroller and Auditor General. If there is undue delay in presentation of the documents, the Accountant General will send a report to the Comptroller and Auditor General and also take such action locally as may be found appropriate for securing their early presentation to the Legislature. The Accountant General will also advise the State Government to take appropriate action immediately to complete the process for placing individually before the Legislature each of the Reports submitted to them without linking this with the receipt or presentation of other Audit Reports.

7.4.7 The procedures that the Parliament and Legislatures follow in dealing with these Accounts and Reports are regulated by the rules framed or adapted under Article 118 and Article 208 of the Constitution in respect of the Union and States respectively and Section 33 of the Government of Union Territories Act, 1963 in respect of the Union Territories. These rules provide for examination of the Accounts and Reports by a Committee of the respective Legislature known as the Public Accounts Committee. At the Centre, there is a separate Parliamentary Committee on Public Undertakings to consider the Audit Reports (Commercial) relating to the Central public sector corporations and companies. Some of the State Legislatures have also established Public Undertakings Committees to consider the Audit Reports (Commercial) relating to the State public undertakings or the audit observations included in the chapters relating to corporations and companies contained in the Audit Reports of those States in respect of which separate Audit Reports (Commercial) are not prepared.

7.4.8 The Public Accounts and the Public Undertakings Committees of the respective Legislatures do not, however, function as executive bodies. They submit their reports containing their findings on the Audit Reports and Accounts examined by them and their recommendations to the to the Legislature concerned.

7.4.9 The Accountants General/Principal Directors of Audit are usually invited to be present at the meetings of the Committees on Public Accounts and Public Undertakings when witnesses are examined and the Accounts and Reports are considered. They should endeavour to attend all these meetings personally and assist the Committees in their deliberations.

7.4.10 Immediately after the Accounts and Reports have been considered by the respective Public Accounts Committees or Public Undertaking Committees and their reports have been presented to the Legislature, the State Accountants General will submit a report to the Comptroller and Auditor General drawing attention to:

- (i) those paragraphs of the proceedings or report which contain observations or recommendations of considerable importance; and
- (ii) any adverse comments relating to any views expressed by Audit in the Reports or any comments that contain a reflection, express or implied, on the Indian Audit and Accounts Department for its failure to take proper action.

The Accountants General's reports on (ii) above will also contain their own views and opinions on the comments/observations of the Committees.

7.4.11 The recommendations of the Committees are considered by the ministries or departments of Government concerned. The Accountant General will watch the action taken on the recommendations of the Committee and the orders, if any, issued as a consequence. If, in any case, the action taken by Government is considered inadequate, it will be open to the Accountant General to take up the matter with the Government and to comment on the matter, if considered necessary, in a subsequent Audit Report.

Vetting of Notes submitted by Government

7.4.12 Ministries and departments of the Government of India submit "Notes" to the Lok Sabha Secretariat for the information of the Central Public Accounts Committee with regard to:

- (a) excesses over voted grants and charged appropriations requiring regularisation;
- (b) the list of points issued by the Lok Sabha Secretariat on the audit reviews and paragraphs selected by the Committee for oral evidence;
- (c) points that arise during the discussion of the Audit Report and Accounts in the Committee and in respect of which the Committee desires further information or clarifications;
- (d) the action taken or proposed to be taken by the Ministries or departments on the recommendations contained in the reports of the Committee; and
- (e) remedial or corrective action taken or proposed to be taken by the Ministries and Departments in respect of audit reviews and paragraphs not selected for detailed examination by the Committee.

Note: *The Notes mentioned at (d) and (e) above are generally referred to as 'Action Taken Notes'.*

7.4.13 Notes relating to audit reviews and paragraphs intended for the Committee are invariably shown to the Principal Audit Officer at the draft stage. The original records and files forming the basis of these notes are also then made available to the Principal Audit Officer who is required to vet the draft notes (a) by verifying, as far as possible, the facts contained therein; and (b) by exercising a general scrutiny to see whether all the

facts and information required by the Committee have been duly incorporated therein.

The Principal Director of Receipt Audit vets such notes relating to the Central Audit Report (Civil) on Revenue Receipts, in consultation, where necessary, with the Accountant General concerned.

7.4.14 Before returning the draft notes and connected papers to the ministries/departments concerned, the Principal Audit Officer consults the Comptroller and Auditor General on the remarks or suggestions proposed to be offered by him, except in cases where the draft notes are only in the nature of an interim reply to the Committee or merely contain factual information on which there may be little scope for comment or otherwise deal with non-controversial issues. If, however, the draft notes attempt an explanation of financial or accounting irregularities (including excesses over grants) or contain arguments justifying a particular point of view, as opposed to the line of criticism adopted in the Audit Report or in the Committee's Reports, the file should be shown to the Comptroller and Auditor General before the Principal Audit Officer finalises his comments and returns the draft note to the ministry/department.

7.4.15 In all cases where the notes are finally dealt with by the Principal Audit Officer in terms of the above procedure, one copy each of the ministry/department's note and the reply thereto should be sent to the Comptroller and Auditor General for information and record.

7.4.16 Where the draft notes are forwarded to the accredited Audit Officer who contributed the relevant audit paragraph, they may be returned by him directly to the ministry/department if these are only in the nature of interim replies under intimation to the Principal Audit Officer and the Comptroller and Auditor General. In all other cases, further comments and remarks on the draft notes should be communicated only to the Principal Audit Officer responsible for the final vetting of the notes.

7.4.17 Audit should not normally take more than a fortnight to offer comments on the draft notes. When the vetting involves consultations with other field offices, the specific issues that they are required to verify or comment upon may be indicated to those offices for urgent action and report. In the meantime, there is no objection to the notes being returned to the ministries/departments along with observations on the general issues dealt with in them after such quick verification as is possible, indicating, where necessary, that certain issues or data are being verified and further comments, if any, will follow.

7.4.18 In certain cases, particularly in respect of notes on points arising out of evidence tendered before the Committee, the Lok Sabha Secretariat has also been calling for advance copies of the relevant notes in case any delay is anticipated in getting them vetted by Audit. Every endeavour should be made by Audit to communicate the comments, if any, in these cases well in time before the Committee finalises their report. Where there is very little time available for this to be done, the results of audit scrutiny may be taken into account in suggesting modifications or additions when the draft report of the Committee is referred to Audit.

7.4.19 The procedure of getting similar notes furnished by the State Governments to their Legislature Secretariats vetted by Audit and the procedure relating to the furnishing of advance copies of the notes to the Secretariat are also followed in some

States. In such cases, the instructions contained in paragraphs 7.4.14, 7.4.17 and 7.4.18 *supra* should be borne in mind.

7.4.20 In certain States, the reports of the Public Accounts Committee/Public Undertakings Committee are discussed by the State Legislature. In such cases, after the proceedings of the discussion of the Reports by the Legislature are received and scrutinised, the Accountant General will send a report to the Comptroller and Auditor General drawing specific attention to the important points, if any, appending extracts of the proceedings, where necessary.