

## Decode Politics: Amid 'Sheesh Mahal' row, a look at what CAG can do — and can't

In Delhi, about a dozen reports, including on CM's residence, submitted by the Comptroller and Auditor General to Lt Governor have not been tabled by AAP government in Assembly. With no specified time limit, this is an option exercised by many governments.

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The bungalow was vacated by Arvind Kejriwal in October after he resigned as Delhi CM. (File photo)

The Comptroller and Auditor General of India (CAG) is again in the spotlight amid a political row triggered by its report on the cost of renovation at the office and residence of former Delhi Chief Minister Arvind Kejriwal.

As [The Indian Express](#) reported last week, the CAG is learnt to have shown that starting from preliminary estimates of Rs 7.91 crore, the total cost of the work on the premises of 6, Flag Staff Road stood at Rs 33.66 crore when the Public Works Department completed it in 2022. The CAG's findings have sparked a war of words between the [BJP](#) and [Aam Aadmi Party](#) (AAP) ahead of the Delhi Assembly elections next month.

The CAG, which is the country's supreme audit body, has submitted a dozen audit reports to the Lieutenant Governor of Delhi in recent years. But the AAP government has not laid them in the Assembly, triggering a backlash from the BJP whose MLAs have approached the High Court. Some of these reports, including performance audits on several burning issues such as liquor supply in Delhi, prevention and mitigation of air pollution, and functioning of the Delhi Transport Corporation, were presented to the L-G four years ago.

Here is a look at how the CAG chooses subjects for audits, how reports are prepared, and what happens afterwards:

**What are the powers and duties of CAG?**

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Articles 148 to 151 in part 5 of the Constitution are on the appointment, duties, and audit reports of the auditor general, who is appointed by the President.

The Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, determines the CAG's service conditions and prescribes the duties and powers of their office. Several other statutes grant powers to the CAG. For instance, the Fiscal Responsibility and [Budget](#) Management Act, 2003, says the Central Government may entrust the CAG to "review periodically as required, the compliance of the provisions of this Act and such reviews shall be laid on the table of both Houses of Parliament".

Apart from conducting audits of the Central and state governments, the CAG also maintains state government accounts (both financial and appropriations), provides pension authorisation for all state government employees, and maintains the General Provident Fund accounts of serving employees.

**What are the various types of audits CAG conducts?**

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The CAG conducts three kinds of audits: compliance audit, or an assessment of whether the provisions of the applicable laws, rules, and regulations, and various orders and instructions issued

by the competent authority are being followed; performance audit, or an assessment of the implementation of schemes or programmes; and financial audit, or certification of government's accounts and the accounts of Public Sector Undertakings.

### **How does the CAG select audit subjects?**

Before finalising a subject, it follows a risk assessment procedure that accounts for various factors such as the size of the outlay of a project, what is being written in newspapers about the issue, and its own inspection reports over the years. It also consults the guidelines laid down by the International Organization of Supreme Audit Institutions, or INTOSAI, that spell out what is of relevance to citizens.

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Based on these criteria, the CAG's office approves an annual audit plan that is implemented in the field offices. There is also an Audit Advisory Board that meets twice a year and suggests subjects and methodologies for audit.

The government or courts can also recommend CAG audits. For instance, the Supreme Court asked the CAG to conduct an audit of the Delhi-Noida Direct (DND) flyover project.

### **What happens after the CAG selects a subject?**

Once a subject is chosen, the CAG holds an entry conference with the department or organisation that is being audited. At this conference, CAG officials inform the body concerned about matters such as their plans for the audit, the methodology to be followed, and a tentative timeline. They also seek assistance in accessing records and documents.

After the audit, the officials from the auditor general's office hold an exit conference to share their findings with the department or organisation and seek their reply. The entry and exit conferences are held for every performance and compliance audit.

The CAG shares a draft report with the department audited. Normally, the department has to respond within six weeks. Thereafter, the CAG signs the report and sends it to the government (the President or the Governor). Then the government lays the report before the legislature.

### **What does the Constitution say about the tabling of a CAG report?**

Article 151 provides for laying CAG reports in Parliament or state legislatures but no time limit is specified. This is why governments often do not lay CAG audit reports on time. For instance, the Delhi government has not tabled about a dozen CAG reports in the Assembly even though some of them were presented to the L-G four years ago. In the past, [West Bengal](#) also delayed the laying of CAG reports in the Assembly.

A CAG report becomes public only after it is laid in the House. The Public Accounts Committee examines the selected reports and seeks a response from the government. The PAC also asks the government to take action on the recommendations and submit an Action Taken Report. Since 2019, the PAC has submitted 152 reports to Lok Sabha till July last year. These include scrutiny of CAG audit reports and action taken by the government on them.

### **Do CAG reports have any impact and how many reports are prepared annually?**

The audit reports highlight losses to the exchequer and procedural losses and also provide recommendations that play a key role in changing rules and procedures. For instance,

the [Telangana](#) government made changes in the Engineering Procurement Contract mode a few years ago after a CAG audit. Among the CAG reports that have had a big impact in recent decades is the one on licences and allocation of 2G spectrum that was tabled in November 2010. It had a massive political effect, damaging the image of the [Manmohan Singh](#)-led UPA government that was ultimately voted out of power in 2014.



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According to its website, the CAG approved 172 audit reports in the 2022-23 financial year. These reports related to the Union government and state governments and were submitted to the President of India and Governors of the respective states. The number of audit reports has increased in recent years. For instance, in 2018-19, the CAG approved only 73 audit reports.