

## APPENDIX 1.

[See Art. 1.]

THE AUDITOR GENERAL'S RULES [DATED 13TH APRIL 1926] MADE BY THE SECRETARY OF STATE FOR INDIA IN COUNCIL, UNDER SECTION 96D (1) OF THE GOVERNMENT OF INDIA ACT.

1. (1) These Rules may be called the Auditor General's Rules.  
(2) They shall be deemed to have come into force on January 4, 1921.
2. In these rules :—
  - (a) "Accounts" includes accounts of stores and stock, as well as accounts of money transactions;
  - (b) "Audit Officer" means any officer of the Indian Audit Department who exercises audit functions;
  - (c) "Finance and Revenue Accounts of India" means the accounts prescribed in Section 26 of the Act;
  - (d) "Indian Audit Department" means the officers and establishments subordinate to the Auditor General, which are employed upon the compilation and audit of accounts of Government transactions in India;
  - (e) "Principal Auditor" means the head of an office of accounts or of audit or of both who is immediately subordinate to the Auditor General;
  - (f) "The Act" means the Government of India Act.

## CONDITIONS OF EMPLOYMENT.

*Pay and General.*

3. The pay of the Auditor General shall be Rs. 5,000 a month.
4. The Auditor General, on vacating his office, shall not be eligible to hold any other post under the Crown in India.

*Leave.*

5. The Auditor General shall be entitled to leave on the conditions laid down in Section 96B of the Act and the rules in force thereunder for other officers in the civil service of the Crown in India, or, if he was not, prior to his appointment, in the service of the Crown in India, on such conditions as may be prescribed at the time of his appointment by the Secretary of State in Council.

*Pension.*

6. The Auditor General's service for pension shall be calculated in accordance with the provisions of Section 96B of the Act and the rules in force thereunder for other persons in the civil service of the Crown in India.
7. The amount of the Auditor General's pension shall, if he was, prior to his appointment, in the service of the Crown in India, be calculated in accordance with the provisions of Section 96B of the Act and the rules in force thereunder for the service to which he belonged, and otherwise in accordance with such terms as the Secretary of State in Council may fix in the case of each person appointed.

No. 1]

## PROVISION FOR A TEMPORARY VACANCY OR ABSENCE FROM DUTY.

8. In the case of a temporary vacancy in the post of Auditor General, or of the absence of an Auditor General from duty, the Governor General in Council shall have power to appoint an officiating Auditor General. The salary of such officer shall be fixed in accordance with the rules in force under Section 96B of the Act regulating the salary of an officiating officer.

## DUTIES AND POWERS.

*General.*

9. Subject to any general or special orders of the Secretary of State in Council, the Auditor General shall be—

- (i) the final audit authority in India ; and
- (ii) responsible for the efficiency of the audit of expenditure in India from the revenues of India.

He shall further be, to the extent authorised by these rules, the administrative head of the Indian Audit Department.

10. The Auditor General shall have authority—

- (i) to inspect, either personally or through any audit officer, any Government office of accounts in India ;
- (ii) to arrange for test audit in any Government office of accounts ;
- (iii) subject to any orders of the Secretary of State in Council prescribing the nature and extent of the audit to be applied to specified classes of expenditure, to frame rules in all matters pertaining to audit, particularly in respect of the method and extent of audit and the raising and pursuance of objections.

*Duties and Powers as regards Audit.*

11. (a) The Auditor General, without prejudice to his other audit functions, is responsible that audit is conducted with reference to the following canons, namely :—

- (1) Every public officer should exercise the same vigilance in respect of expenditure incurred from Government revenues as a person of ordinary prudence would exercise in respect of the expenditure of his own money.
- (2) Money borrowed on the security of allocated revenues should be expended on those objects only for which, as provided by rules made under the Act, money may be so borrowed. If the money is utilized on works which are not productive, arrangements should be made for the amortisation of the debt.
- (3) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.

[No. 1]

- (4) Government revenues should not be utilised for the benefit of a particular person or section of the community unless—
- (i) the amount of expenditure involved is insignificant, or
  - (ii) a claim for the amount could be enforced in a court of law, or
  - (iii) the expenditure is in pursuance of a recognised policy or custom.
- (5) Deleted.
- (6) The amount of allowances, such as travelling allowances, granted to meet expenditure of a particular type, should be so regulated that the allowances are not on the whole sources of profit to the recipients.
- (b) The Auditor General or any principal auditor should bring to the notice of the Governor General in Council or the Local Government, as the case may be, any breach of one of these canons.
12. The Auditor General shall, if so required by the Governor General in Council—
- (i) arrange for the audit of the accounts of the receipts of revenue of any Government department, the accounts of any public or quasi-public body, or any other accounts, although they may not relate directly to the receipt and expenditure of Government moneys ; and
  - (ii) arrange for the audit of stores or stock in the possession of an officer or a department of Government, and for the audit of grants of land and alienations of land revenue.
13. If the Auditor General considers it desirable that the whole or any part of the audit applied to Government accounts, or to any other accounts which he is required to audit under Rule 12, shall be conducted in the offices in which these accounts originate, he may require that these accounts, together with all books, papers and writings having relation thereto, shall at all convenient times be made available in those offices for inspection by his audit officers.
14. When an objection taken in the course of audit cannot be adjusted by a principal auditor in consultation with the authorities concerned, the Auditor General may either instruct the principal auditor to withdraw the ~~objection~~ or require the Governor General in Council or the Local Government concerned to obtain the requisite sanction, or, in default, to recover the amount under objection :

Provided that—

- (i) if the objection to any expenditure is based solely on the ground that such expenditure contravenes one of the canons set out in Rule 11 above, the Auditor General or principal auditor

No. 1]

shall withdraw such objection at the request of the Finance Department of the Government concerned if the Finance Department states that the breach of the canon and the action taken thereon by the Government will be reported as soon as possible to the Committee on Public Accounts, or, if no Committee on Public Accounts has jurisdiction in the matter, to the Secretary of State in Council, and

- (ii) if the Governor General in Council or the Local Government, as the case may be, orders in writing that the recovery of the amount under objection shall be forgone, the Auditor General or principal auditor shall withdraw such objection, but may require that the action taken shall be reported as soon as possible to the Committee on Public Accounts, or, if no Committee on Public Accounts has jurisdiction in the matter, to the Secretary of State in Council.

15. (1) The Auditor General shall, on such dates as he may prescribe, obtain from each principal auditor and from any officer of the Indian Audit Department to whom he may entrust this duty, appropriation accounts, in such form as he may prescribe, of the expenditure which came under the audit of such principal auditor or officer of the Indian Audit Department during the past official year, together with a report upon the accounts and upon the results of the audit applied to them. Any officer of Government may be called upon to provide any information necessary for the preparation of such accounts or reports. On receipt of the accounts and reports, the Auditor General shall transmit them to the Governor General in Council or to the Finance Department of the Local Government concerned with such comments as he may think fit.

(2) The Auditor General shall forward to the Secretary of State through the Governor General in Council the several reports dealing with the total expenditure in India in each year with his detailed comments on each report, and may also offer such further comments of a general nature as he may think fit.

16. (1) The Auditor General may on his own motion, and shall on reference being made to him by the Governor General in Council or by a Local Government, review any audit decision of any audit officer, and, if he thinks fit, overrule it.

(2) The Auditor General may condone an omission to make a previous reference to the Secretary of State in Council which was required by any rule or order from time to time in force, prescribing the cases in which the previous sanction of the Secretary of State in Council to expenditure is to be obtained, in cases where, when the question comes before him in audit, the failure to obtain the previous sanction of the Secretary of State in Council has involved, in his opinion, a breach of the letter rather than the spirit of the rule or order.

17. The Auditor General shall have power to require that any books, papers or writings relating to the accounts audited by the Audit Department shall be sent for inspection by him or by any other officer of the Indian Audit Department : provided that—

- (i) if the Governor General in Council or the Local Government, as the case may be, certifies that the documents in question are secret, the Auditor General or other officer, as the case may be, shall accept, in lieu of such documents and as a correct account of the facts stated therein, a statement certified by the Governor General in Council or the Local Government ; and
- (ii) if the documents are confidential, the officer to whom they are made over shall be responsible for preventing disclosure of their contents.

*Duties and Powers as regards Accounts.*

18. The Auditor General shall compile the Finance and Revenue Accounts of India in such form as may from time to time be prescribed by the Secretary of State in Council and shall send them to the Governor General in Council for transmission to the Secretary of State in Council. He may call upon any Government officer to furnish any information in such form as may be required for the completion of these accounts.

19. The Auditor General shall have power to prescribe the forms in which accounts shall be kept in audit offices : provided that no change which will affect the form of the Finance and Revenue Accounts shall be made without the previous sanction of the Secretary of State in Council.

Minor changes of detail, such as the opening of new minor heads, alterations affecting minor or detailed heads, and the like, are not changes "affecting the form of the Finance and Revenue Accounts" within the meaning of this rule.

20. If a doubt or a dispute arises as to the major head under which a particular minor head, or as to the minor head under which a particular detailed head should be included, it shall be decided by the Auditor General.

21. The Auditor General shall prepare in each year a review of the balances in the books maintained by the audit department and shall send it to the Governor General in Council for submission to the Secretary of State in Council.

22. The Auditor General shall have power to determine the form in which officers rendering accounts to the Indian Audit Department shall render such accounts and in which the initial accounts, from which the accounts so rendered are compiled or on which they are based, shall be maintained.

No. 1]

23. The Auditor General shall supply, or shall arrange that officers subordinate to him supply, any information required by the Governor General in Council or by a Local Government which can be derived from the accounts maintained in the offices under his control.

24. The Auditor General shall arrange that such assistance as may be required shall be rendered by the officers of the Indian Audit Department to the Governor General in Council, the Local Governments and other authorities in the preparation of their annual budget estimates.

25. If in any case the Secretary of State in Council has declared that the maintenance of the provincial accounts of a specified province or of the accounts of any department of the Central Government is transferred to an authority (hereinafter referred to as the said authority) other than the Auditor General, the duties and powers of the Auditor General, in relation to the accounts of such province or department, shall be governed by the following provisions, namely :—

- (1) The officers and establishments employed upon the maintenance of such accounts shall not be subordinate to the Auditor General, but the Auditor General shall be responsible for the inclusion of the accounts in the Finance and Revenue Accounts of India and shall have power to prescribe the form in which and the time or times at which the accounts shall be submitted to him for audit and for such inclusion ;
- (2) The appropriation accounts referred to in sub-rule (i) of Rule 15 shall be prepared by the said authority in such form as he may, with the concurrence of the Auditor General, determine, and shall be transmitted, by such date as the Auditor General may prescribe, to the officer of the Indian Audit Department to whom the Auditor General has entrusted the duty of reporting thereon. The Auditor General shall thereafter obtain and dispose of the appropriation accounts and of the report thereon of the aforesaid officer of the Indian Audit Department in accordance with the provisions of Rule 15 ;
- (3) The Auditor General shall exercise the powers and perform the duties conferred and imposed upon him by Rule 20 and Rule 21, but shall not be bound by the provisions of Rule 23 or Rule 24.

#### *Powers of Expenditure.*

26. The Auditor General shall exercise no powers of incurring expenditure without previous sanction other than such powers as may be delegated to him by the Governor General in Council.

27. The Governor General in Council shall arrange that sanctions to expenditure accorded by the Auditor General shall be audited by some officer unconnected with the audit department in India.

*Administrative Powers over the Indian Audit Department.*

[No. 1]

28. The Auditor General may—

- (i) in the case of officers of the Indian Audit Department below the rank of Deputy Auditor-General, transfer, censure, suspend or degrade any such officer, withhold from him any increment or increments of pay, recover from his pay the whole or part of any pecuniary loss caused by him to Government by negligence or breach of orders, promote him to any grade or post in the Indian Audit Department below the rank of Deputy Auditor General or declare him to be permanently unfit for promotion, grant him any leave that may be admissible under rule, and exercise the powers of a Local Government under the Government Servants' Conduct Rules.
- (ii) in the case of officers of the Indian Audit Department of any grade lower than Class I, delegate to any officer of the Indian Audit Department the power of granting any leave that may be admissible under rule.

29. The Auditor General may sanction the grant to any officer of the Indian Audit Department of such pension as is admissible under Section 96B of the Act and the rules in force thereunder.

30. The Auditor General may dismiss from service any officer of the Indian Audit Department other than an officer appointed thereto by the Secretary of State in Council or the Governor General in Council.

31. Nothing in this Part shall be deemed to affect any right of appeal which any officer of the Indian Audit Department may possess under the Act or rules made thereunder or under any general or special orders of the Secretary of State in Council or the Governor General in Council.

REPEAL.

32. The Rules made by the Secretary of State in Council under Section 96D of the Act on January 4, 1921, as subsequently amended, are hereby repealed.