Audit Diwas: CAG's Technology Push and a New Resolve for Accountability



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Why in the News

On 16 November 2026 the Comptroller and Auditor General (CAG) of India celebrated Audit Diwas on the institution completing 166 years. On the occasion, CAG K. Sanjay Murthy said the institution's role has grown beyond safeguarding public money to earning people's trust. He emphasised greater use of technology, cross-sector audits breaking departmental silos (the tendency to work in isolation) and the expansion of audit of local bodies. A 'Compendium on the Impact of Audit on Tax Administration' was also released and the 32nd Accountants General Conference was held on the occasion.

History of the Institution

- **1858:** a separate department headed by an Accountant General was set up for accounting and auditing the financial transactions of the East India Company.
- **1860:** the system of an annual budget of Imperial Income and Expenditure began under the Government of India Act, 1858; Sir Edward Drummond took charge as the first Auditor General on 16 November 1860. In memory of this date, 16 November is celebrated as Audit Diwas (first celebrated in 2021).
- **1950:** with the adoption of the Constitution, the CAG became a constitutional authority. V. Narahari Rao was the first CAG of independent India.

Constitutional Provisions

- **Article 148:** appointment by the President; tenure of 6 years or up to the age of 65 years (whichever is earlier); the removal process is the same as for a Supreme Court judge (address by both Houses of Parliament with a special majority on proved misbehaviour or incapacity); salary and allowances are charged on the Consolidated Fund of India, meaning they are not voted by Parliament; after retirement, re-employment under the Government of India or a State government is barred.
- **Article 149:** the basis of duties and powers; the details lie in the CAG's (Duties, Powers and Conditions of Service) Act, 1971 - popularly called the DPC Act.
- **Article 150:** prescribing the form of government accounts on the advice of the CAG.

- **Article 151:** Union reports go to the President, who has them laid before each House of Parliament; State reports go to the Governor, who has them laid before the State Legislature. These reports are examined by Parliament's Public Accounts Committee (PAC).

The CAG is not part of any department or ministry - it is an independent constitutional institution that keeps watch over executive expenditure on behalf of Parliament and the people.

This Year's Key Figures

- **40** audit reports of the Union government and **174** of State governments were tabled.
- A total of **3,742** audit recommendations were made, of which nearly one-third were accepted by governments and audited entities.
- More than **34,000** units audited; more than **27,000** inspection reports issued.
- **8,793** accounts relating to the Union and State governments, public sector undertakings, autonomous bodies and externally aided projects examined; **5,852** audit certificates issued.

New Reform Directions

- **Horizontal audits:** theme-based examination cutting across departmental boundaries - a pan-India audit of 'Ease of Doing Business' for MSMEs began in 2025-26.
- **'Ease of Living' series:** a pan-India audit of urban mobility in 101 major cities; audits of water, sanitation, housing and municipal finances over the next three to four years; special focus on the top 500 cities.
- **Technology:** audit-specific AI tools are being developed; data-led audit pilots (establishment expenditure, social-sector DBT schemes, public works) have cut the audit cycle from six to eight months down to three months; under the 'AI Champions and AI Enablers' programme, 17 officials worked with start-ups on 16 projects.
- **Local bodies:** priority to the quality of accounts, uniform reporting of grants and timely audits.

Way Forward

The credibility of audit is tied to its speed and technology: quarterly-level data audits, reach down to local bodies and a higher compliance rate for recommendations will give CAG's accountability role new depth.

Prelims Practice Questions

Question 1. With reference to the Comptroller and Auditor General (CAG) of India, consider the following statements:

Statement 1: The CAG is appointed by the President and holds office for six years or up to the age of 65 years, whichever is earlier
Statement 2: The process of removing the CAG from office is the same as that of removing a Supreme Court judge
Statement 3: The CAG presents his audit reports directly in Parliament

Which of the statements given above is/are correct?

(a) 1 and 2 only
(b) 2 and 3 only
(c) 1 and 3 only
(d) 1, 2 and 3

Answer and Explanation

Correct answer: (a)

Statement 1: Correct - appointment, tenure and service conditions are so provided under **Article 148**
Statement 2: Correct - removal is possible by a special majority on proved misbehaviour or incapacity
Statement 3: Incorrect - Union reports are given to the President, who has them laid before Parliament

Question 2. With reference to the history of Audit Diwas, consider the following statements:

Statement-I: The roots of India's supreme audit institution are connected with a separate accounting department set up in 1858
Statement-II: The first Auditor General, Sir Edward Drummond, took charge on 16 November 1860

Which one of the following is correct?

(a) Both Statement-I and Statement-II are correct and Statement-II is the correct explanation for Statement-I
(b) Both Statement-I and Statement-II are correct but Statement-II is not the correct explanation for Statement-I
(c) Statement-I is correct but Statement-II is incorrect
(d) Statement-I is incorrect but Statement-II is correct

Answer and Explanation

Correct answer: (b)

Statement-I: Correct - a separate department headed by an Accountant General was established in 1858
Statement-II: Correct - Drummond became the first Auditor General on 16 November 1860; it is not an explanation of Statement-I but the next link, hence (b)

Related Articles (internal links)

- The power sector's grand audit: CAG begins with discoms
- Public Accounts Committee (PAC) conference: a close watch on public expenditure

Sources

- CAG's official Audit Diwas portal
- CAG: Why Audit Diwas is celebrated - the institution's history
- The Hindu's report: CAG on technology and reforms (16 November 2026)

Frequently Asked Questions (FAQ)

Summary answer: On 16 November 2026 the CAG celebrated Audit Diwas on the institution completing 166 years; CAG K. Sanjay Murthy stressed technology, cross-sector horizontal audits and wider coverage of local bodies.

Question: When and why is Audit Diwas celebrated?

On 16 November. The institution's roots lie in a separate accounting department of 1858, and the first Auditor General, Sir Edward Drummond, took charge on 16 November 1860; Audit Diwas marks this date and was first celebrated in 2021.

Question: What are the CAG's appointment, tenure and removal process?

Under Article 148, the President appoints the CAG; the tenure is six years or up to the age of 65 years, whichever is earlier; the removal process is the same as for a Supreme Court judge; salary and allowances are charged on the Consolidated Fund of India; re-employment under the Union or a State government after retirement is barred.

Question: To whom does the CAG submit audit reports?

Union reports go to the President, who has them laid before each House of Parliament; State reports go to the Governor, who has them laid before the State Legislature (Article 151). These reports are examined by the Public Accounts Committee (PAC).

Question: What key figures and initiatives were announced on this year's Audit Diwas?

In the year gone by: 40 Union and 174 State reports, 3,742 recommendations (nearly one-third accepted), more than 34,000 units audited and over 27,000 inspection reports. New initiatives: audit-specific AI tools, data-led audits cutting the audit cycle from six-eight months to three, a pan-India MSME 'Ease of Doing Business' audit, an urban-mobility audit of 101 cities, and focus on the top 500 cities and local bodies.