Polity & Governance · GS - II

Examine how the integration of Artificial Intelligence into public auditing can strengthen financial accountability and transparency in India. Discuss the institutional and ethical safeguards required for its effective implementation.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 18/11/2026	GS - II	Polity & Governance

MARKS	WORD LIMIT
15	~250 words

Answer Hint

CAG of India, constitutional accountability, AI-driven auditing, big data analytics, complete transaction datasets, public expenditure monitoring, fraud detection, audit efficiency, algorithmic bias, data privacy, cybersecurity, human oversight, transparency, institutional capacity.

Model Answer

Introduction

The Comptroller and Auditor General (CAG) is a constitutional authority responsible for strengthening financial accountability in public administration. Integration of Artificial Intelligence (AI) into auditing offers opportunities to improve the speed, coverage and effectiveness of public expenditure audits.

Potential Benefits of AI in Public Auditing

1. **Comprehensive Audit Coverage:** AI tools can analyse large transaction datasets, reducing dependence on sample-based examination alone.
2. **Fraud Detection:** Pattern recognition can identify suspicious transactions, irregular expenditure and potential financial manipulation.
3. **Audit Efficiency:** Automation of repetitive tasks can reduce audit cycles and allow auditors to focus on complex issues.

4. **Evidence-Based Governance:** Data analytics can help identify systemic weaknesses in public procurement and programme implementation.

Institutional and Ethical Challenges

- **Data Quality:** Incomplete or inaccurate government datasets can produce misleading audit findings.
- **Algorithmic Bias:** Poorly designed algorithms may generate unfair or inaccurate risk assessments.
- **Cybersecurity:** Sensitive financial and administrative information requires robust protection.
- **Human Accountability:** AI-generated observations must not replace professional judgement and independent verification.
- **Digital Capacity:** Auditors require specialised technical training and adequate infrastructure.

Way Forward

India should adopt transparent AI audit protocols, independent algorithmic validation, strong cybersecurity standards and human oversight. Pilot evaluations and regular performance audits of AI systems can improve reliability.

Conclusion

AI can transform public auditing from largely retrospective examination towards more comprehensive and data-driven oversight. However, technology must strengthen rather than replace the constitutional independence, professional judgement and accountability of the CAG.

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