

Ch. 9 - Audit of different Entities

(I) Govt. Audit:

(A) Meaning

(B) Objectives

(C) Legal framework of C & AG

(D) Duties of C & AG

(E) Powers of C & AG

(F) Expenditure Audit

Imp:

(G) Receipt Audit: (i) Revenues → Correctly assessed, realised and credited to Govt. Acc.

(ii) For Proper Assessment and Collection of revenues, Regulations and procedures → framed

(iii) Reg. and Pro. → carried out.

(iv) Checks are imposed → detection and investigation of

- irregularities

- double refunds.

- forged refunds

- Other loss of revenue.

(v) Systems and Procedures → Correct and regular accounting of demands, collection, refunds.

(h) Audit of Stores and Inventories:

↓
All Purchases - P&M,

Equipments etc.

- Regulations - devised and carried out

- Deficiencies / defects → brought to notice of Govt.

- Purchases - sanctioned, Economical, Rules

- Prices - Reasonable, agree - contract

- Certificates - Q/Q - Inspecting / Receiving

- Account - R/S/B

(i) Audit of Commercial Accounts:

(A) Departmental Activities:

(e.g. Dept. of Telecommunication)

(B) Statutory Corporation:

(e.g. LIC of India; GIC)

(C) Govt. Companies:

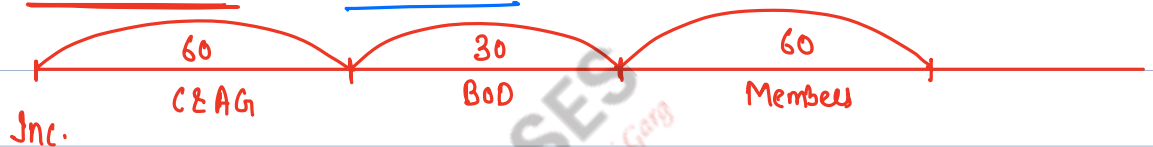
(Incorporated under Companies Act, 2013)

Audit aspects

- same manner as of any Govt. deptt., where Commercial Acy. kept.
- Provisions contained in statute governing the Corp.
- audit will be carried out by auditors appointed by C&AG.

(j) Role of C&AG under Companies Act, 2013:

Govt. Co. - First Auditor → Sec. 139(7)



Tenure: till conclusion of first AGM

✓ Subsequent Auditor: - Every financial year

Sec. 139(5)

- within 180 days of commencement of FY
- appointed by C&AG
- Tenure - till conclusion of next AGM.

Govt. Co. — Sec. 143(5): C&AG → direct to auditor - manner in which audit is to be carried out.

Auditor - Audit report —
→ Directions
→ Action
→ Impact.

— Sec. 143(6): Supplementary Audit - → Order within 60 days of report.
(F.S.) → Comment upon or supplement
↓
debt by Co. to Every person - F.S.

— Sec. 143(7): Test Audit → Accounts of Govt. Co. or

Govt. Owned or Controlled

Companies

Reporting Procedures: - Reading from book -

(a) Audit of Local Bodies:

(a) Meaning of Municipality:

(b) Sources of Revenue: Property taxes; Octroi, Profession tax, taxes on Advt. etc.

(c) Classification of Expenditure:

(i)

(ii)

(iii)

(iv)

(v)

(vi)

(d) Types of Revenue Grants: 3 types

(a) General Purpose: To bridge gap between needs and resources.

(b) Specific Purpose: for provision of certain services or performance of certain tasks.

(c) Statutory and Compensatory Grant:

Grants given to local bodies as compensation due to loss of any revenue.

(e) Financial Administration:

(i) Budgetary Procedure

(ii) Expenditure Control

(iii) Accounting System.

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(5) Objectives of audit of local bodies: (Learning + Noting - H.W.)

(3) Audit of NGOs:

(i) Meaning of NGO

(ii) Incorporation

(iii) Sources and Application of funds

(iv) Provisions related with Audit: (Companies Act, 2013, I-tax Act 1961, FCRA, 2010)

- NGO regd. under Society Regn. Act, 1860

or

Indian Trusts Act, 1882

Auditor shall be appointed

by Mngt. of Society or Trust

- NGO regd. as Sec. 8 Company

Auditor shall be appointed

by Members of the Co.

- FCRA, 2010 → Audit Report → Ministry of Home Affairs

→ within 60 days from end of FY

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Points to be considered while planning the audit: learn + Noting (H.W.)

(First 5 Points)

Specific points to be verified: ✓ Funds - Noting and learning

✓ Receipts - " " "

✓ Expenses | Reading

✓ Assets and Liabilities | "

2.

Imp

Receipts: (a) Contribution and Grants for projects and programmes / f.c.

(b) Receipts from fund raising programmes.

(c) Membership fees:

(d) Subscriptions.

(e) Interest and dividend

Funds:

- Corpus funds: Contribution towards Corpus - letter of donors
- Reserve
- Ear-Marked Funds: Funds made for specific purpose —
 - donors instruction.
 - Board Resolution.
 - Rules & Reg.
- Projects / Agency Balances disbursements needs to be as per Ag. with donors
- Loans: - check loan agreements, Counterfoil of receipts etc.