

## Ch. 9 - Audit of different types of Entities



### (1) Govt. Audit:

(A) Meaning: - Objective, Systematic, Professional and Independent Examination of F.A.O operations of Public Entity.

- Purpose → To Evaluate and Verify the FAO operations
- To present a report — Audit findings
- Conclusions; and
- Recommendations.

- Examination of f.s. → To Express opinion on fairness of presentation.

### (B) Objectives:

- Accounting for public funds.
- Appraisal of Government Policies: and official administrative items
- Base for corrective actions: against lapses at lower hierarchy.
- Administrative Accountability: towards legislature

### (C) Legal framework of CAG:

Appointment → President of India

Term → 6 years or 65 years of age - Earlier

Remuneration → Equivalent to SC Judge

Removal → Incapacity / Misbehaviour +  $\frac{2}{3}$  approval - <sup>Both</sup> Houses

Article 149 → Powers and duties (as prescribed)

" 150 → Maintenance of account - Union/State

" 151 → Submission of Accounts

Report - President / Governor.

(d) Duties of C & AG:

(i) Compilation and Submission of Accounts

(ii) Providing Information and rendering assistance for F.S.

(iii) Auditing and Reporting - (a) Expenditure from Consolidated Fund  
(b) All transactions of Contingency Fund  
(c) F.S. of dept. of Union/States.

(iv) Audit of receipts and Expenditure of substantially financed Entities (Amt  $\geq$  25 lakh + Amt  $\geq$  75% of Total Expenditure)

(v) Audit of Grants or loans - specific purpose from Consolidated fund.

(vi) Audit of receipts of Union and States.

(vii) " " Accounts of stores and stock.

(viii) " " Govt. Companies.

(e) Powers of C & AG:

(i) Inspection



Office of accounts under  
Control of Union or State

(ii) Transmission



Accounts, books, papers or  
documents - relevant  
to transactions under audit

(iii) Inquiry



as considered  
necessary for prep<sup>n</sup>  
of accounts or reports.

- <sup>Imp:</sup>  
(i) Expenditure Audit: (i) Audit against Rules and Orders: Expenditure incurred confirms to relevant provisions of statutory enactments and financial rules and regulations.
- (ii) Audit of Sanction: All expenditures should have proper sanctions given by competent authority.
- (iii) Audit against provision of funds: There should exist provision of funds out of which expenses are met.
- (iv) Propriety Audit: Expenditure should be incurred with due regard to Principle of Propriety.
- (v) Performance Audit: 3 E Audit — Economy  
Efficiency  
Effectiveness

— Details to be covered from book —

- H.W - (1) Categories of Rules, Regulations and orders against which Regularity is Conducted.
- (2) Verification Points while carrying audit against Rules, Regulations and orders.
- (3) " " " " " of Sanctions
- (4) " " " " " Provision of funds.
- (5) " " " " Propriety audit
- (6) " " " " Performance "
- (7) Procedure for conducting performance audit.