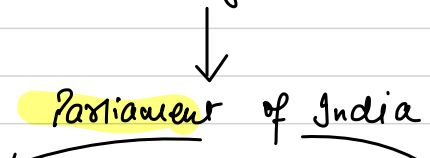


Indian legislature (power to make/change laws)



Lok Sabha  
Directly elected by ppl. of India

Rajya Sabha  
State elected representatives  
(State govt → decide)

Executive

- President (Smt. Droupadi Murmu)
- V.P. (Jagdeep. Dhankar)

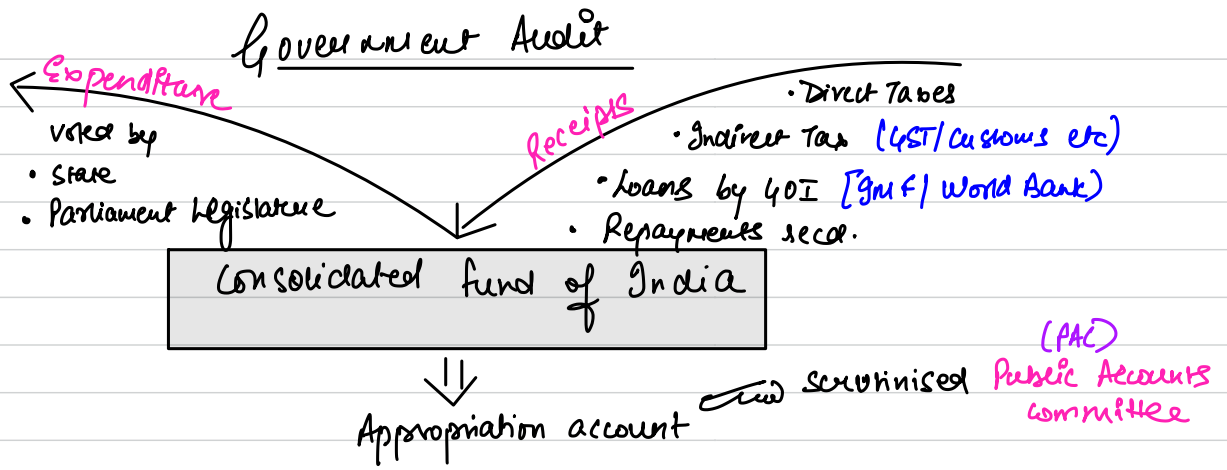
Council of ministers

- Home
- Finance
- Railway
- Highway

Head "Moodi ji"  
PM

• Officers (IAS/IRS/IFS....)

Administration



## Government Audit

- Objective, independent, professional, systematic examination,
  - of <sup>WFOA</sup> financial, administrative, & other operations, <sub>(working)</sub>
  - of public entity,
  - for purpose of reporting on audit findings with conclusions & recommendations for future actions.
- AND**
- for A.S., opinion on fairness of presentation.

## Objectives of Govt Audit

a) Accounting of public funds

b) Appraisal of Govt. policies

(operational, mgt, program, policy aspects of public administration & officials accountability)

c) Base for corrective actions.

Audit observations based on factual data,

highlight issues of lower hierarchy,

so supervisors can take corrective actions.

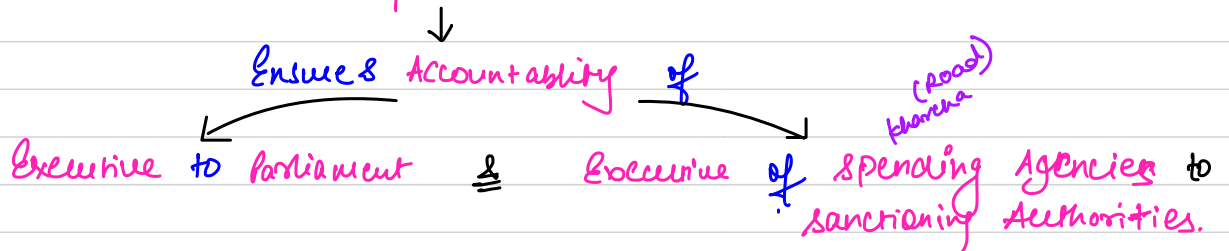
*Done*

# \* Administrative Accounting \*

Accountability

- Govt. Audit is - neither equipped <sup>powers</sup> to function as Investigation Agency.   
 nor intended <sup>intentions</sup>

Main objective: Ensuring   
 • Accountability of administration to legislature &   
 • help the admin.



Who Audits? In India, Govt Audit done by CAG through Indian Audit & Accounts Dept (IAAD)



Shri. K. Sanjay Murthy (CAG)

Notes: • Appointment? By President of India

• Removal? on proven misbehaviour ( $\geq 2/3^{\text{rd}}$  majority of House present & voting)

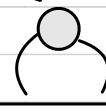
CAG Report (Union/State A/c) → President/Governor of State → House of Parliament/State Legislature.

## CAG Powers

① Inspect any office of a/c under Union/S.G.



② Require any Books/A/c's/paper/docs relevant for audit to be sent to specified persons.



③ Put such Questions/observations to person in charge of office.

④ Power to dispense <sup>(audit)</sup> with any part of detailed audit & apply limited checks.

Sakht

Signal gaya

# Audit against Rules and Orders

Expenditure as per Constitution & laws & rules.

## Categories

Rules & orders related to.

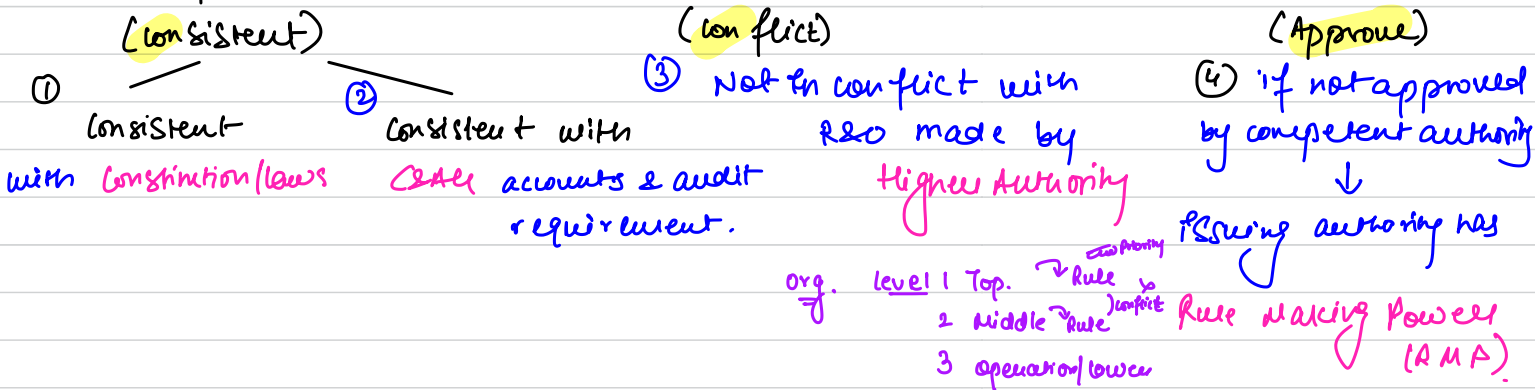
Sanction & incur expenditure from CFI/State. / Contingency fund (India/State)

mode of presentation of claims against Govt, withdrawing money from Consol. fund / Contingency fund / Public A/c  
 [Receipts except consol. fund  
 • Deposits / P.F. / Sale of N.S.C.]  
 etc.

cond<sup>n</sup> of service, pay & allowance, pensions of Govt. servants.  
Rules

function 
 / \
   
 Govt → Frame rules & orders for subordinates.
   
 Auditor → To see if rules & orders applied by subordinates. (Not to prescribe what R&O shall be)

But check if R&O are



# Propriety Audit

فيقول له كذا  
Auditor brings out cases of unproductive, avoidable or ineffective expenditure.

Auditor brings out cases of unproductive, avoidable or ineffective expenditure.

①

leg. =



Building → Telephone Exchange  
Use X  
"Unproductive Exp."

②



Govt school building → used after 5 years.  
"Avoidable Exp."

## 3 Principles

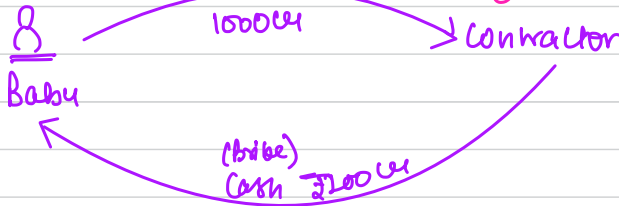
a) Exp. not prima facie more than what occasion demands.

Not be too much "Every public officer exercise same wigilance for public money as person of ordinary prudence will do for his own money."

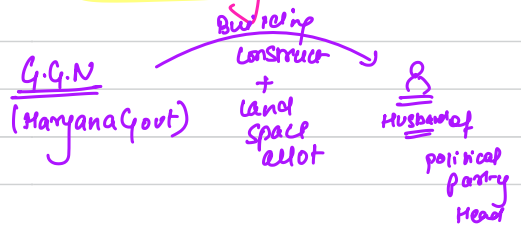
Fayedak

b) No authority will sanction exp. that

Accrue to his own advantage.



c) Public money not utilized for benefit of particular person / section of community.



\* Exceptions: (4 cases → Prop. audit ignore) RA in Court

Expenditure to pursue a recognised custom

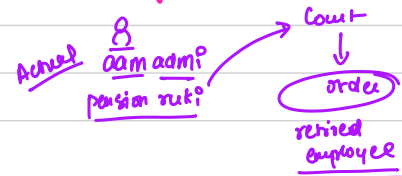


amt. of allowances.  
eg. Travel Allowance  
(Not be profit source for recipient)



amt. is insignificant  
₹1000 2000

claim for amt. can be enforced in court.



# Performance Audit (Programs / Schemes)

*Atvachha Bharat, Smart City...)*  
*LPG, Subsidy / Ayushman Bharat.*

## Economy

whether Govt. Acquired financial, human & physical resources in economical manner.

*Cost ↓*

## Efficiency

whether various schemes/projects executed economically & giving expected results

i.e. Relationship b/w

goods & services produced (Output)

Resources to produce them (Input)

*Input: Output ↓*

## Effectiveness

Appraisal of performance w.r.t. overall targets & efficient means to achieve them.

*Targets ✓*

Procedure: Identify Topic → preliminary study -> <sup>planning</sup> execution → Reporting

## Audit of Receipts

Intro: whether all revenues / other debts correctly <sup>Assessed</sup> <sub>Received</sub> <sub>credited</sub> to Govt. Acc.

(Stepwise Approach)

1. whether adequate <sup>IT Act / Rules + GST Act / Rules</sup> regulations & procedures framed

to ensure <sup>Assessment</sup> <sub>collection</sub> <sub>allocation</sub> of funds.

2. whether R/P actually carried out

3. whether adequate checks proposed to ensure <sup>Property → G.S.T. Pay → credit</sup> <sub>I.T. Act Dep? No</sub> prompt detection & investigation of <sub>Irregularities,</sub> <sub>Double / fraud refunds,</sub> <sub>loss of revenue.</sub>

8 Auditor? 4. Review R/P to see they are, correct & regular in <sup>Demand</sup> <sub>Collection & refunds</sub> & suggest improvements.

5. Extent & Quantum of audit under each head decided by CGA's. This neither negotiable nor questioned.

## Audit of Stores & Inventory

(Regulation?) · whether regulations well devised & properly carried out.

(purchase, receipt, custody, issue, sale & count)

of inventory

Sanctioned

· verify purchases are properly sanctioned

Prices

Ensure prices are reasonable, as per contract & quality/dty certificates issued by receiving units.

Accounts

check Accs of receipt, custody, issue for accuracy & reasonableness of inventory balance.

Deficiency

Bring it to notice of govt

any deficiency

of stores or defects in g.c.