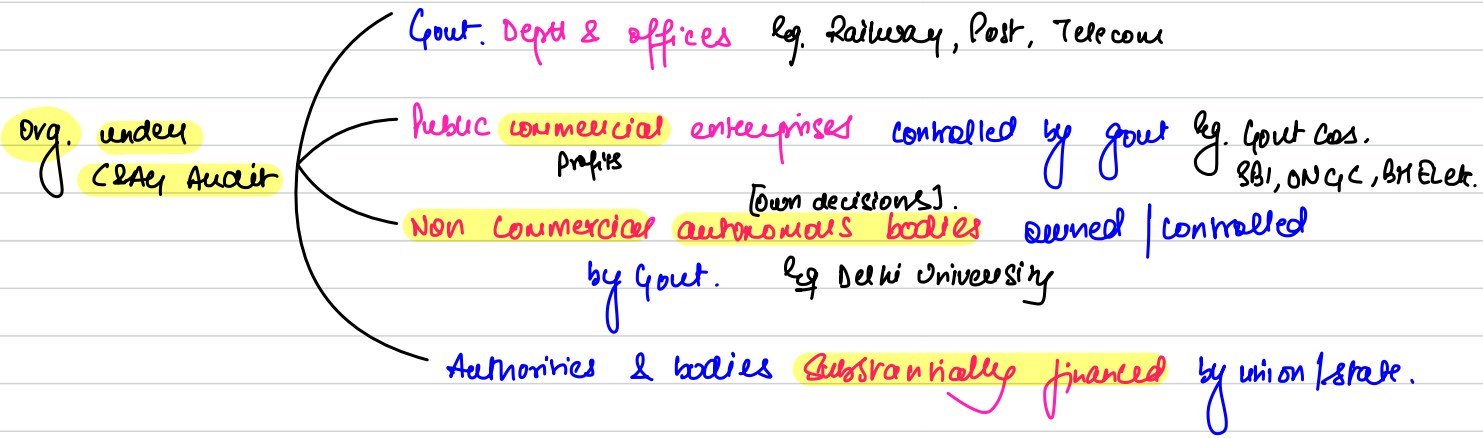


PSU. Audit [Public Sector Undertaking].

Who conducts? CAG through JAS. [Indian Accounts & Audit Dept].



Entry → CAG A/R → 3 committees [Analyse] → Parliament / State legislature.

Public Accounts Committee (PAC). [Gout Dept].

Duty to certify that:

- Expense {
- Moneys legally disbursed for purpose.
 - Expenditure was authorised. B



give mon [• Re-appropriation as per provisions [i.e. distribution of funds].

Basic [• Examine acts of autonomous & semi autonomous bodies audited by CAG. own decisions Some decisions.

Estimates Committee

• Report economies, improvements, efficiency → consistent with policy [Staff].
 ↳ ↳ policy that maybe effected.

• Suggest alternate policies. [Hard copy books → Digitised books]

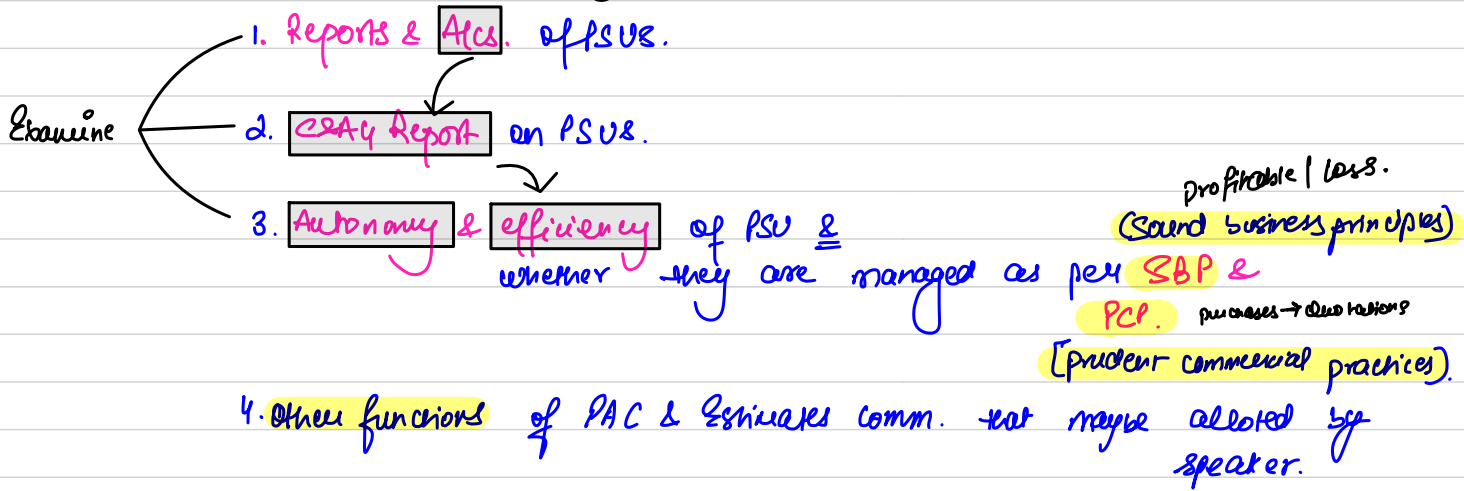
• whenever money laid out within limits.

• Suggest form in which estimates presented to parliament. [Budget].

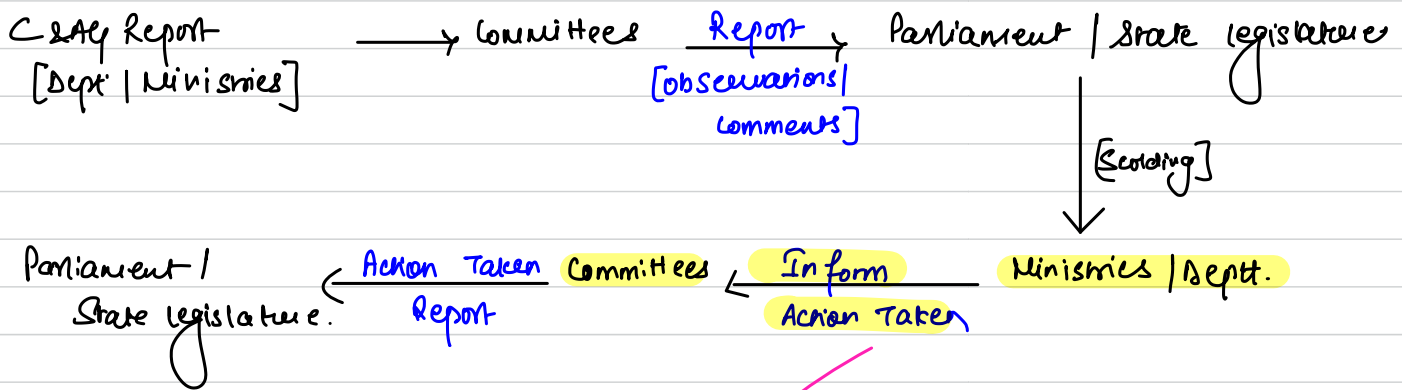


- Follow
- Teachers training
 - Smart classrooms.
 - Tests

Committee on Public Undertakings [COPU]. (PSUs)



CAG's Role [Friend, Philosopher & Guide to committees].



1. CAG's report is basis for committees working, they can also examine other issues.
2. Financial Committees present report [observations / comments] to Parliament / S.L.
 - Ministries / Govt Dept. Inform action taken to committees.
 - Committees present ATR. to P/S.L.
3. CAG scrutinises notes submitted by Ministries to committees.
4. If any ATR can't be discussed in detail, written ans. obtained from Dept. / Ministries ensuring no report taken lightly by govt.

Performance Audit

Economy

Efficiency

Effectiveness.

by ^{x Audit} Objective & systematic examination of evidence

• for providing independent assessment

• of performance of Govt ^{org.} _{program, activity} _{fn}

to
Provide info for
public accountability & decision making by resp. party
or
initiate corrective actions.

i) Economy: ^{Economy cost ↓} Minimize cost of resources wrt. - Qty & Quality.

ii) Efficiency: Input-output ratio — Maximize output ↑ for given input
or
Minimize input ↓ for given quality/qty of output.

• hrs → study ↑
• study → hrs ↓

check: a) Sound procurement policies followed.

b) Resources are protected & maintained.

c) Efficient utilisation of resources.

Basic { d) Public Sector (Activity, prog. etc). should be efficiently managed.

e) Efficient operating procedures used.

WINS

iii) Effectiveness: Extent to which objectives are achieved & relation between intended & actual results.

[Pass Exams
• Intention → 40 in Audit
Actual → 60 in Audit]

check:

(meaning) • Extent to which results achieved. [Clear India Initiatives].

• Assess & establish with evidence ^{prove it.} Socio economic Impact is due to _{policy or} _{other reasons.}

[Basic] • Assess effectiveness of program.

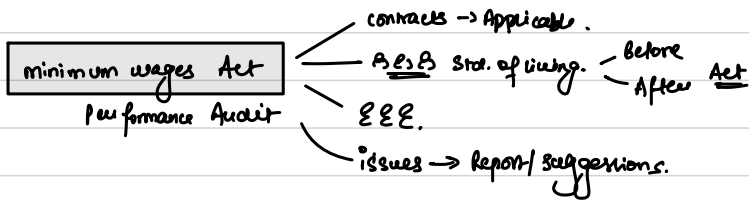
• Identify ways of making prog. effective

(complain).
• objectives & means [legal, financial etc.]

2 mins

(Solution)

provided for public sector prog.
proper, suitable etc



Audit criteria

- Procedure manuals. [credit checks].
- Policies, standards, guidelines [RBI].
- criteria of same entity / others. [HDFC / ICICI...].
↳ xunderstand

eg SBI [Govt Entity]

loan
Borrower.

- Independent Expert
 - ↳ (IIT)
 - Scientific Research [Tech. -> credit check methods].
 - ↳ (IIM).
 - General mgt & subject literature. [IIM research papers -> banking sector].

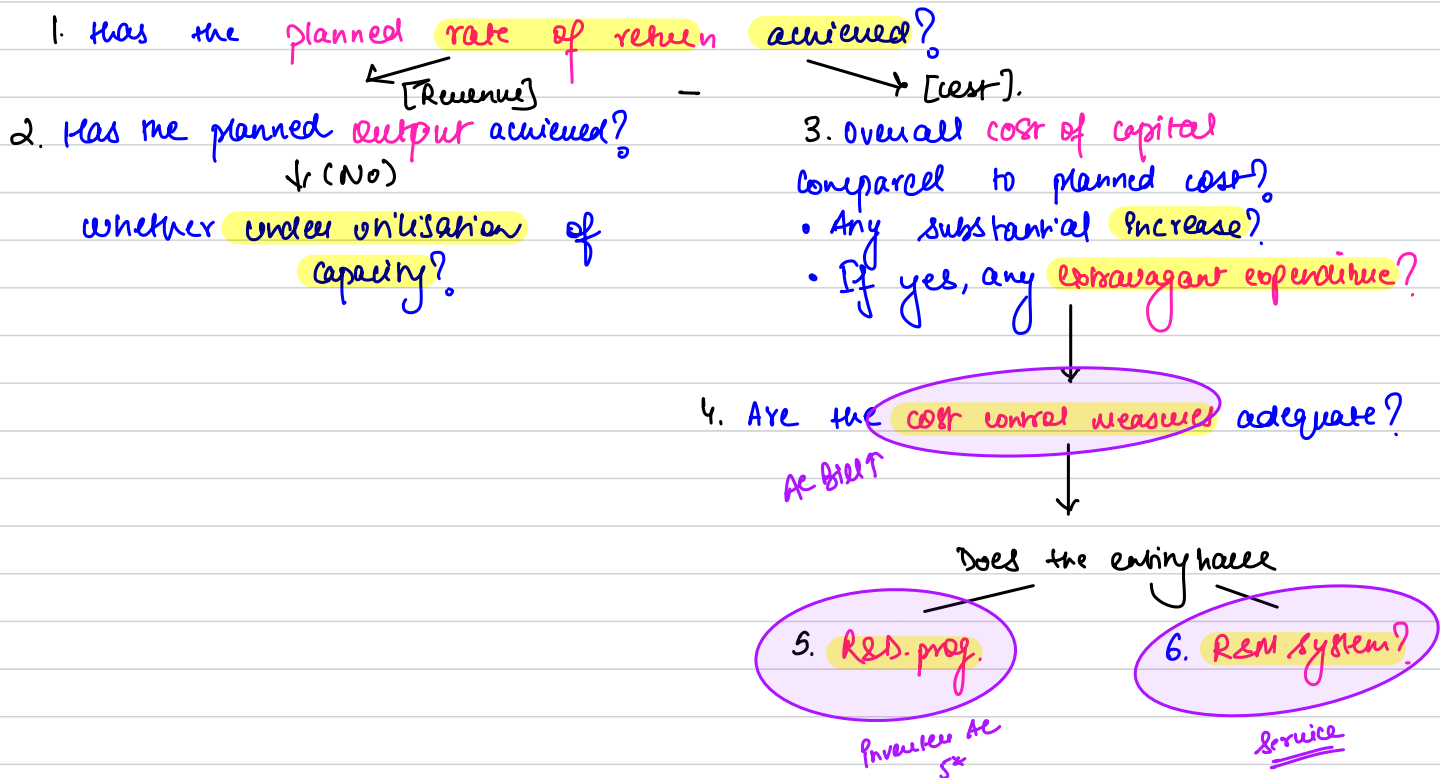
Hw Past Exams. Q1, 5, 6, 9, 11

[RTP May '15].

• Deciding Audit approach [Methods & means to do performance audit].

- Analysis of **procedures**: Review of **systems** for planning, conducting, checking & monitoring activity. [Rural electrification. → Timeliness met?].
- Analysis of **results**: **Input output analysis** to determine **Efficiency** of prog. [Resources → 10,000 toilets X → 15,000 toilets].
- **Quantitative analysis**: Examine **financial data** like earnings, revenue etc. may use sampling.
- Use **existing data**: Investigate data with mgt & other sources. [MGNREGA → jobs generated?].
- **Surveys**: collect info. from population. [PM Awas Yojana → house → satisfied?].
- **Case studies**: **Descriptive analysis** of entry, scheme etc. [Demonstration].

Comprehensive Audit [Questions].



Propriety Audit [CWG & CAG Toilet rolls < ₹400-500
 ₹10000]

Brings out case of improper, avoidable or **unfructuous** expenditure. unnecessary

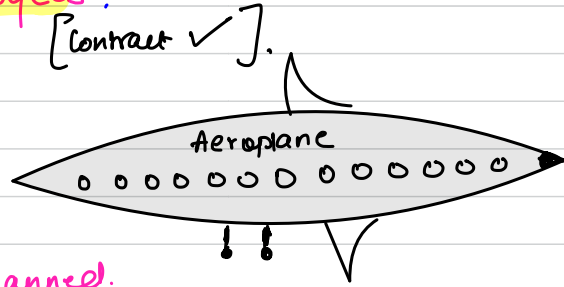
Principles

1. Expenditure is **not prima facie** more than what occasion demands & officials are **vigilant** with public's money.

2. **Authority** sanctioning the expenditure.

Sanctioned funds to not benefit 3. **particular persons** [your school < general public ✓
 staff's children admissions ✓]

4. **mgt/ employees**. [Contract ✓]



Functions of Auditors [Prop. Audit]

1. Expenditure is properly planned.

France PM
x Analyse
grady PM

Expenditure gives 2. maximum results
 3. optimum results.

4. substitute plan of action → that can bring improvements & return on CAPEX.

5. Examine **actions & decisions** of mgt as per public intt.



- Gov. policies / procedures
- laws / Reg / contract

Compliance Audit

Independent assessment



whether subject matter
is in compliance with criteria.

a. Regulatory [Regulations].
Compliance of subject matter
to laws, regulations, contract etc.

b. Propriety.

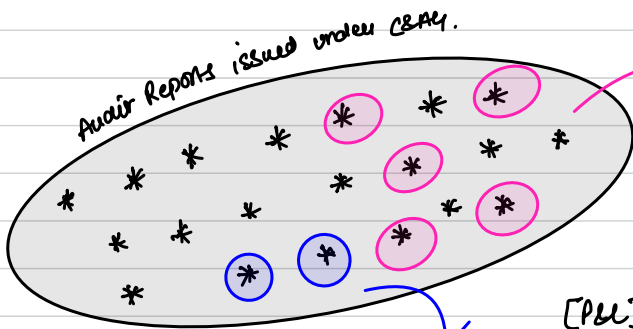
observe general principles of

[SFM]

Sound financial
mgt

Ethical conduct

of officials.
x corruption
x Bribery.



comprehensive
appraisal [Audit board].

[P&L]
Sig. results of undertakings not taken up for
appraisal by audit board.

170 30 -
136 40 -
125 40 -

Jan Cost 60 May Sep Test
Am sm 58
Audit 31