

10. Government Audit

Issue	Key Points to Remember	
C&AG	▪ Appointed by President of India ▪ Remuneration equivalent to Supreme Court Judge ▪ Removal by House of Parliament; majority of at least 2/3rd of the members ▪ To hold office for a term of six years or up to the age of 65 years ▪ Powers and Duties – As prescribed under the C&AG (Duties, Powers & Conditions of Service) Act, 1971. ▪ Maintenance of Accounts – as prescribed by the president, based on C&AG's advice ▪ Submission of Reports – To President/Governor, and placed in Parliament/State Legislature	
Duties of C&AG	▪ To compile and submit accounts ▪ To audit receipts and expenditure ▪ To audit grants and loans ▪ To audit receipts of union or states ▪ To audit accounts of stores and stock	▪ To audit accounts of Government Companies and Corporations ▪ To audit and report expenditure from Consolidated Fund of India or State or Union Territory ▪ To audit and report All transactions of Union/States relating to the Contingency Funds and Public accounts
Powers of C&AG	▪ Inspection ▪ Sample Checks	▪ Inquiry and call for any information ▪ Transmission any accounts, books, papers and other documents be sent to specified places
Expenditure Audit	▪ Audit of rules and orders – Ensure that the expenditure a) confirms to the relevant provisions of the Constitution and, b) is in accordance with the financial rules, regulations and orders issued by a competent authority ▪ Audit of sanctions – Examine whether a) the expenditure is properly covered by a sanction, either general or special, and, b) whether the authority sanctioning the expenditure is authorized/competent to do so ▪ Audit against provision of funds – a) Expenditure incurred is for the purpose to which the grant and appropriation has been provided and b) Amount of expenditure does not exceed the appropriation made ▪ Propriety Audit – bring out the cases of improper, avoidable, or infructuous expenditure even though the expenditure has been incurred in conformity with the existing rules and regulations. Focuses on a) prudence, b) proper sanction, c) general benefit and d) No special incentives. ▪ Performance Audit – Analysis of a) Efficiency of Operations b) Economical use of resources c) effectiveness of projects.	
Audit of Receipts	▪ 1. Assessment 2. Procedure for Collection 3. Implementation 4. Monitor over irregularities and frauds 5. Review and suggestions ▪ The basic principle of audit of receipts is that it is more important to look at general than on the particular, though individual cases of assessment, demand, collection, refund etc. are important with in the area of test check	
Audit of Stores and Stocks	▪ Review accounting system for stores, internal regulations and controls governing purchase, receipt, issue, custody, sale, write-off and stocktaking ▪ Compliance with rules and procedures – to bring to notice of government any defects in the control system ▪ List out any uneconomical purchases ▪ Report any deficiency in quantity of stores; carefully check that valuation of stock is tallied with physical accounts	
Audit of Commercial Accounts	Public enterprises are required to maintain commercial accounts and classify them under three categories:	
	Type of Enterprise	Audit by
	1. Departmental Enterprises 2. Statutory Bodies 3. Government Companies	1. C&AG 2. Depends on Governing Statutes 3. Statutory Auditor appointed by C&AG under Section 139 of The Companies Act, 2013