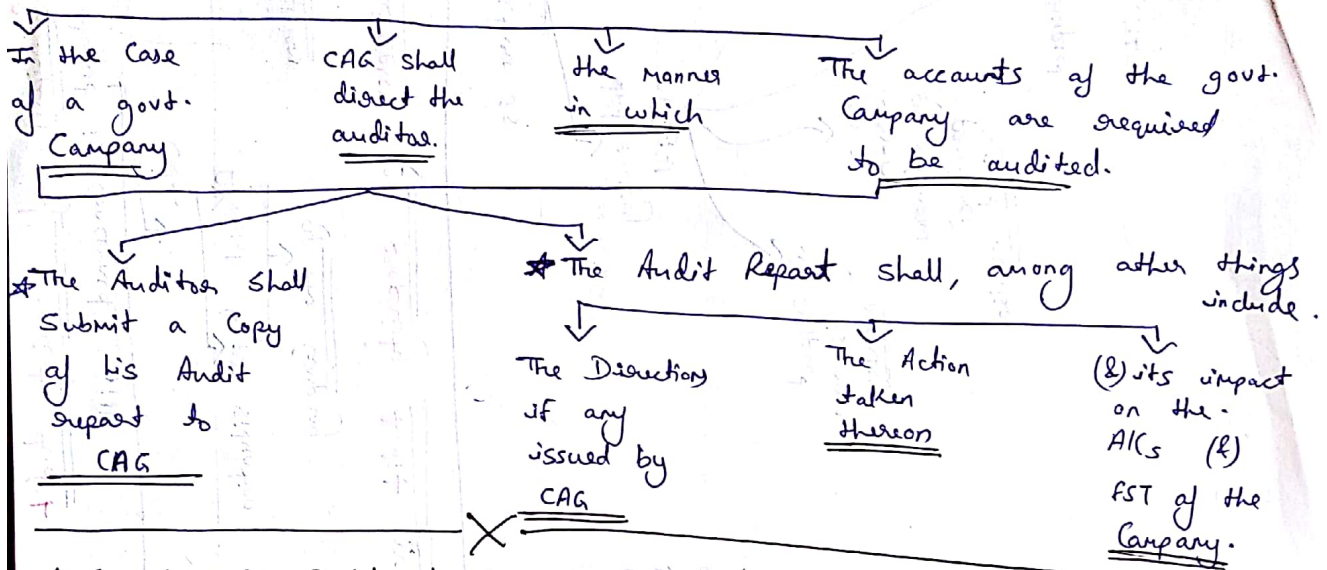


* Sec. 143(5) (6) (7)
* Supplementary Audit.

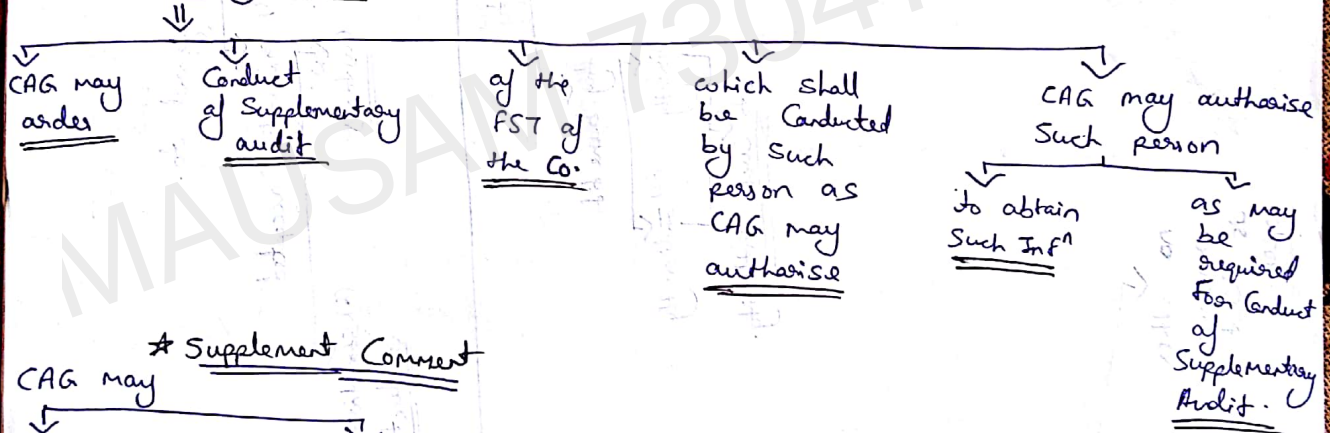
Sec. 143(5) Discretion by CAG to the Auditor.



* Sec. 143(6) Right of CAG to Conduct Supplementary audit (or) Supplement the Audit Report

* CAG shall, within 60 days from the date of receipt of the Audit Report have following Rights:

① Supplementary Audit



* Supplement Comment
CAG may

- Comment upon the Audit Report
- Supplement the Audit Report.

* which shall be sent by the Company.

to every person entitled to copies of audited FST

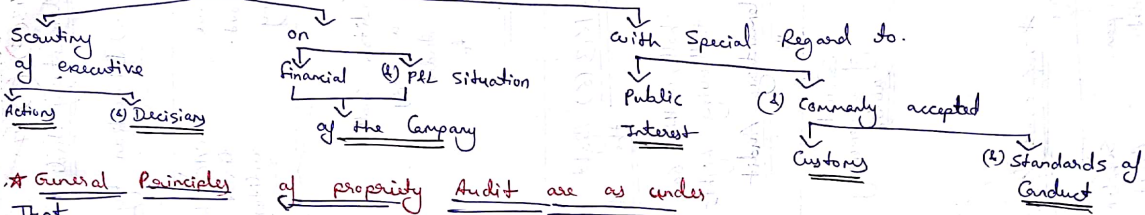
* which shall also be placed before the members in the AGM at the same time and in the same manner as the Audit report.

* Sec. 143(7) Test Audit

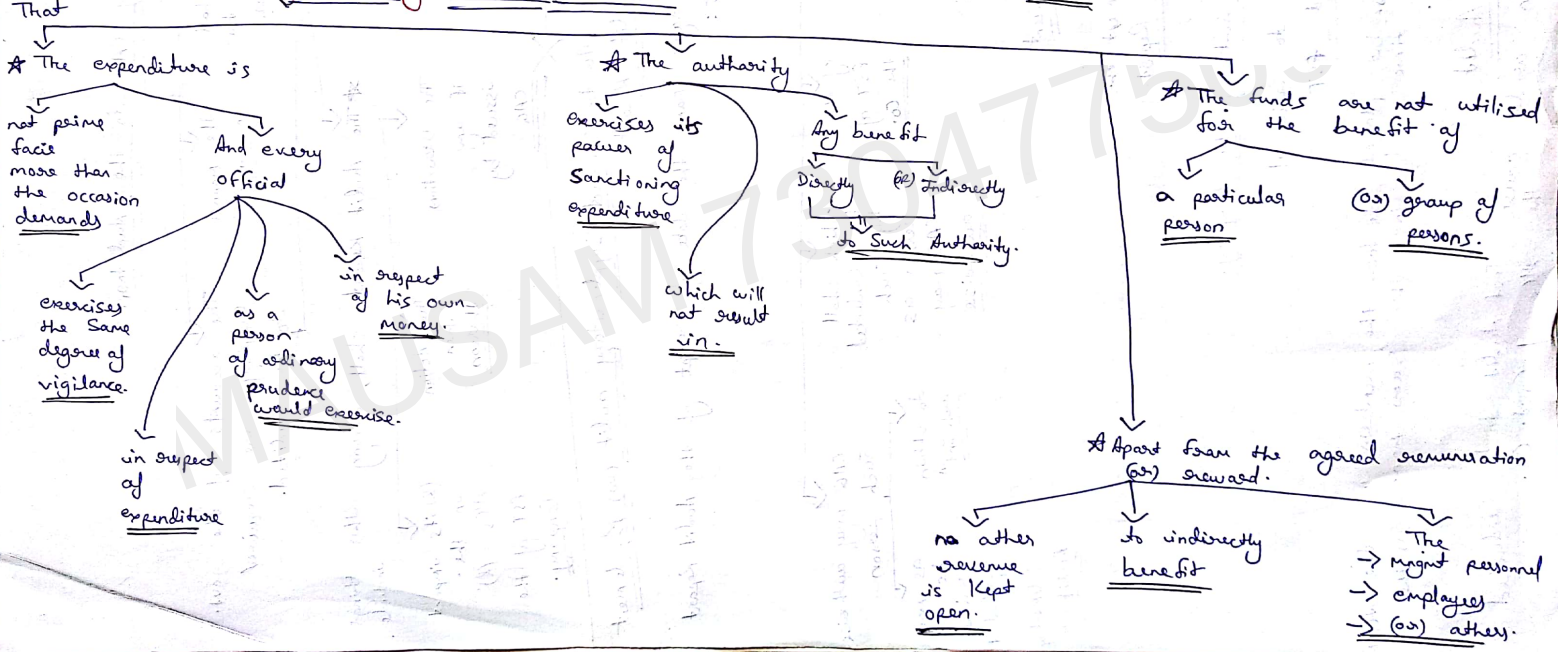
* CAG may by an order cause the Test Audit to be conducted of the ALs of Govt. Co.

★ General Principles of Proprietary Audit

★ Proprietary Audit is concerned with

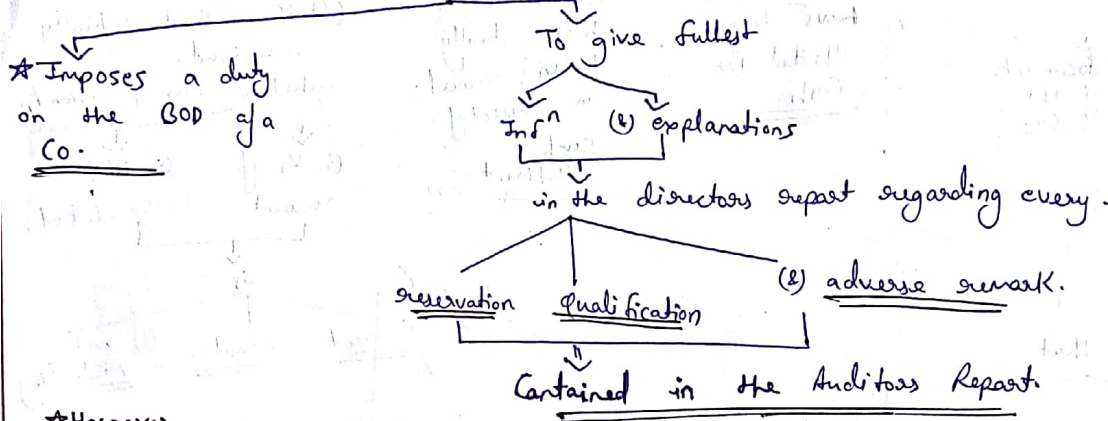


★ General Principles of propriety Audit are as under



★ Reply of Board of Directors on the Comments of CAG

Sec. 134(3) of the Companies Act 2013



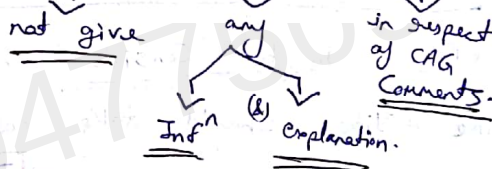
★ However

there exist no mandatory requirements

for the BOD of the Govt. Company

to give their reply on the reservation made by CAG.

Hence, the BOD may not contravene any of the provisions of the Companies Act if BOD



★ Areas of propriety Audit u/s 143(1)

★ In some of the areas, the auditor has to examine the same from propriety angle as to:

whether loans (b) advances made by the Co.

on the basis of Security

have been properly Secured

(b) whether the terms on which they have been made.

are not prejudicial to the Int. of the Co. (or) its members

★ Whether transactions of the Company

→ which are represented merely by book entries →

are not prejudicial to the int. of the Company.

★ Whether the Co. is not

an investment Co. (or) a banking Company.

whether so much of the assets of the Company as consist of

Shares Debentures (b) other Securities

have been sold at a price less than that at which they were purchased by the Company.

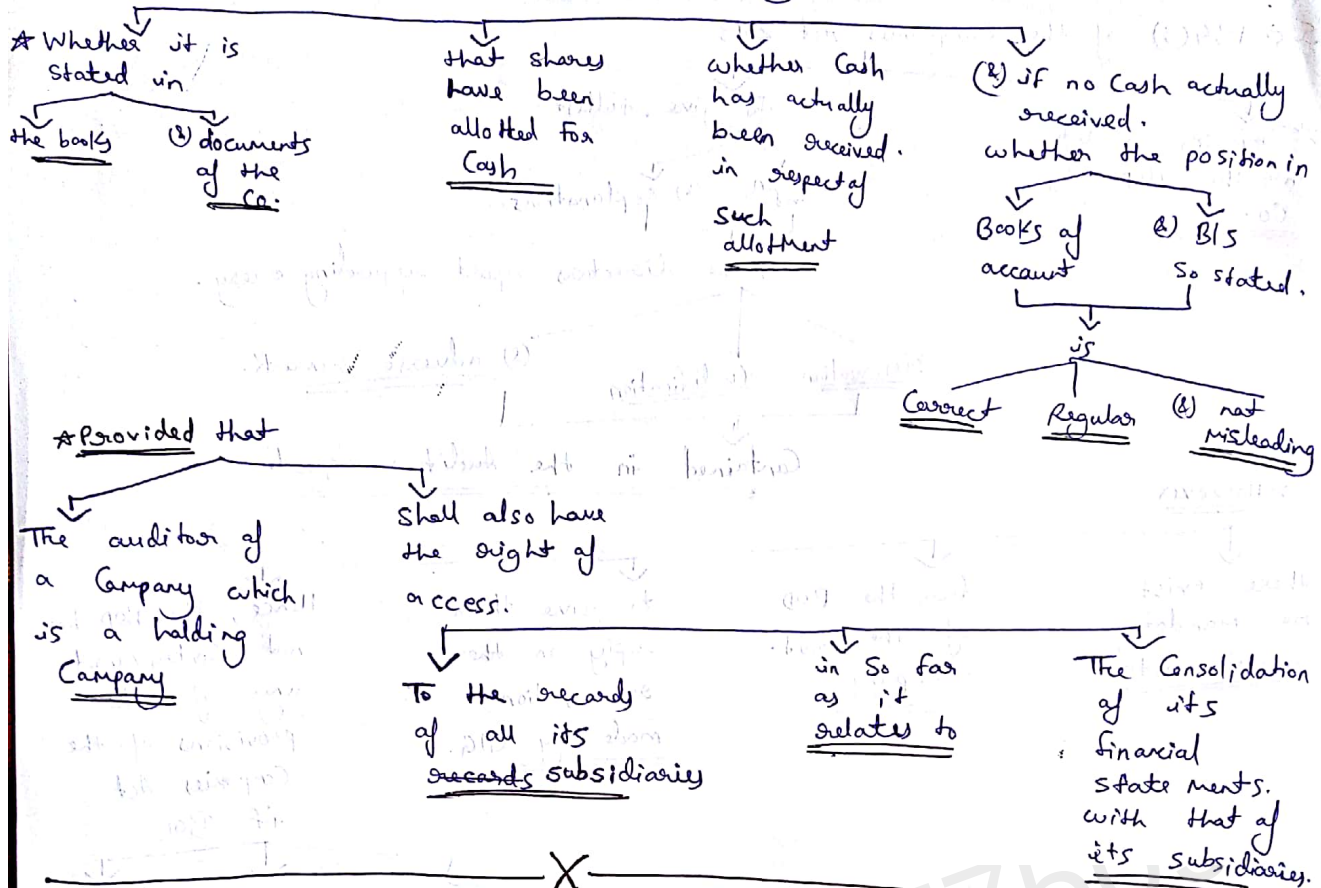
★ Whether loans (b) advances made by the Company

→ have been shown as deposits →

Again, considering the propriety element, →

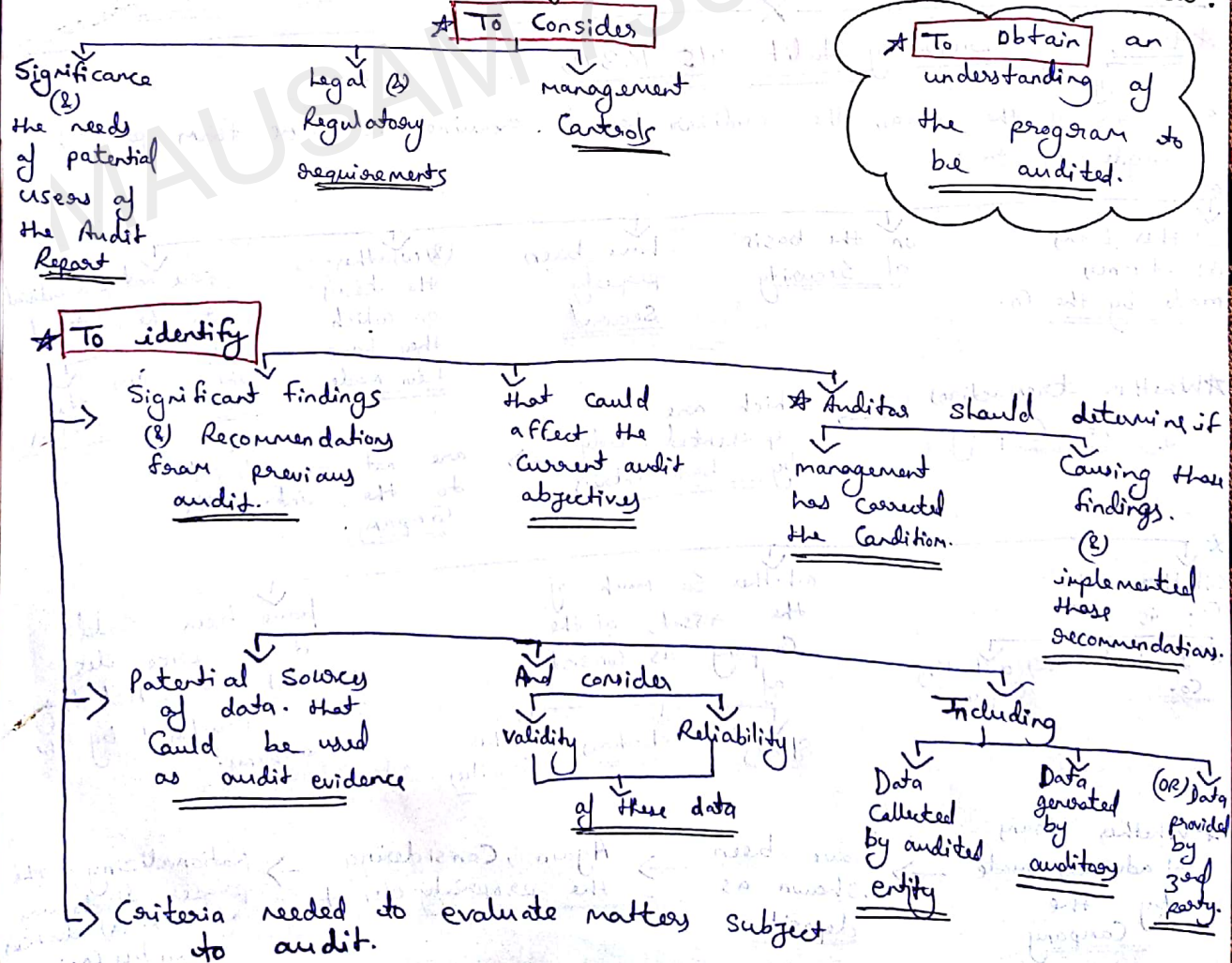
Rationalizing the proper disclosure of loans (b) advances given by Co. is made

* Whether personal expenses have been charged to Revenue Account.

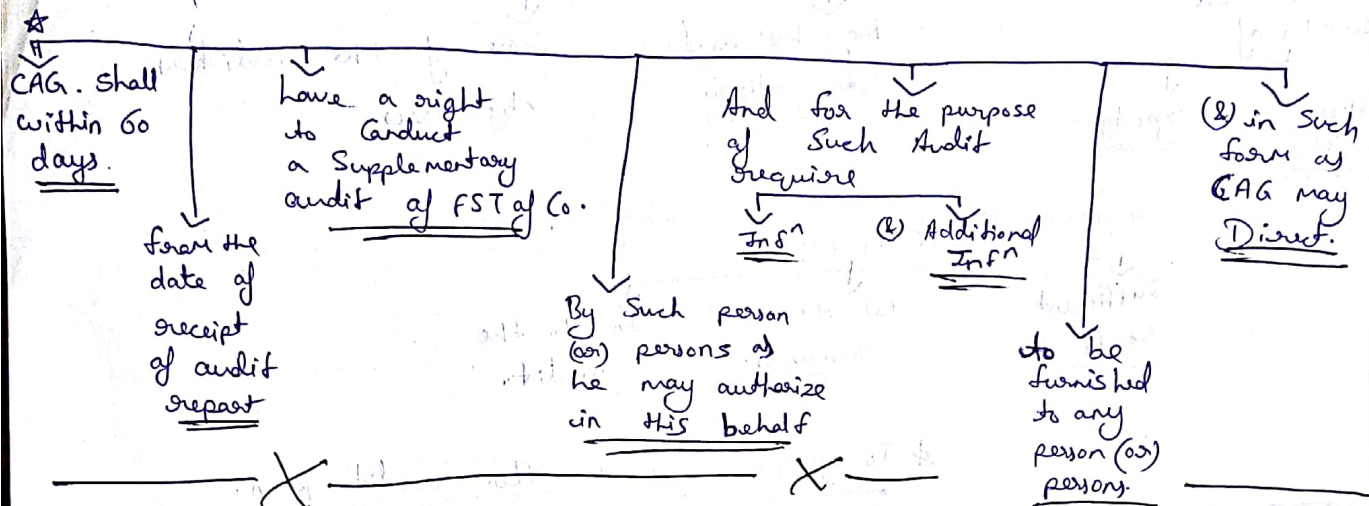


* Factors to be Considered while planning the performance Audit:

The Auditor should take care of certain factors which are listed below:

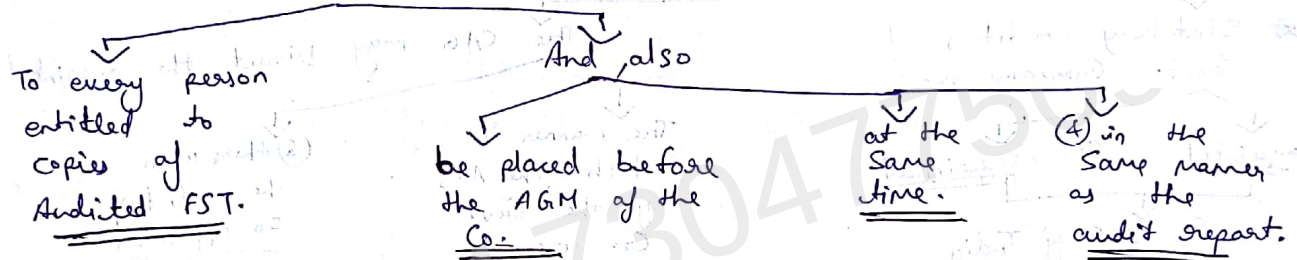


② Sec. 143 (6)(a) Supplementary audit of the Companies Act 2013.



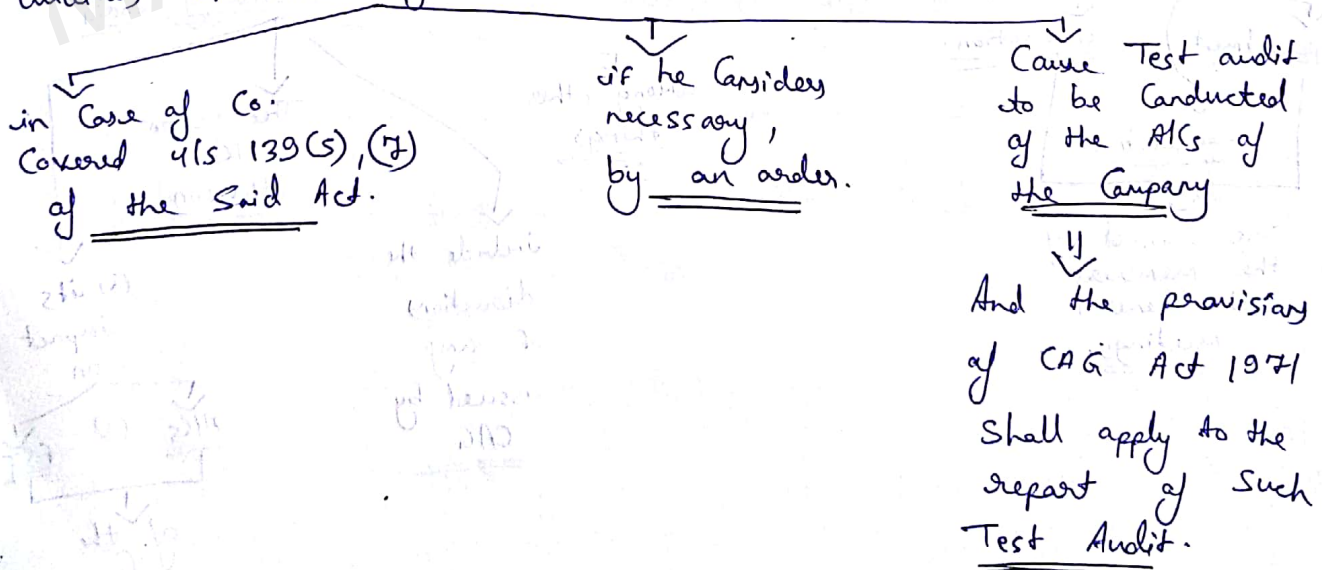
③ Sec. 143 (6)(b) Comment upon (or) Supplement such audit Report

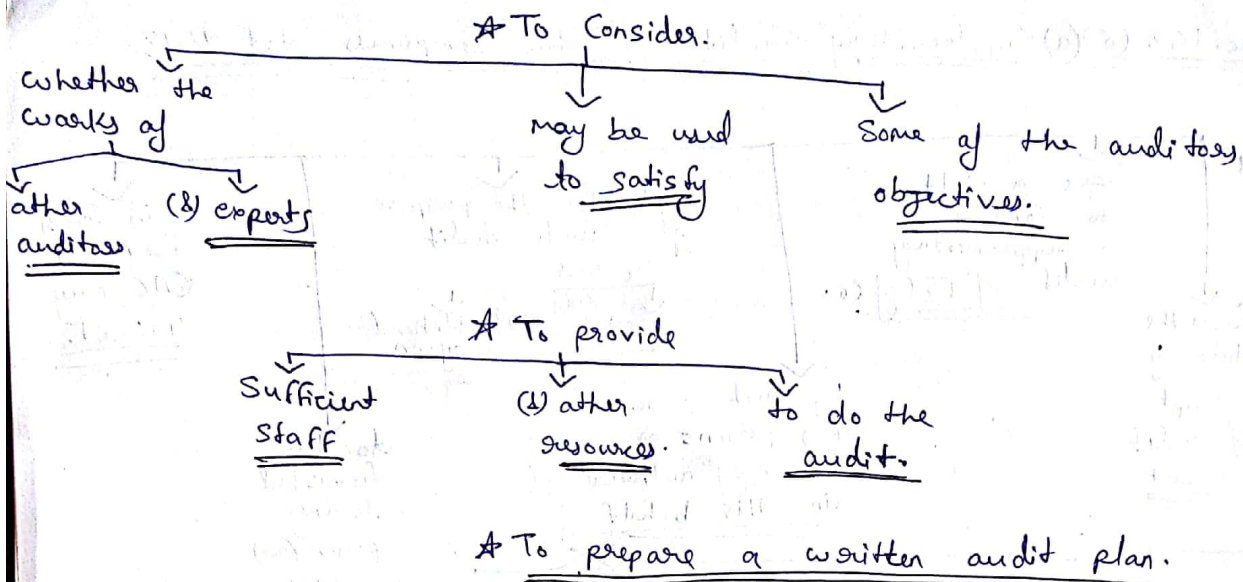
- (i) Any Comment given by the CAG upon
- (ii) (or) Supplement to the Audit Report
- shall be sent by the Company



④ Sec. 143 (7) Test Audit.

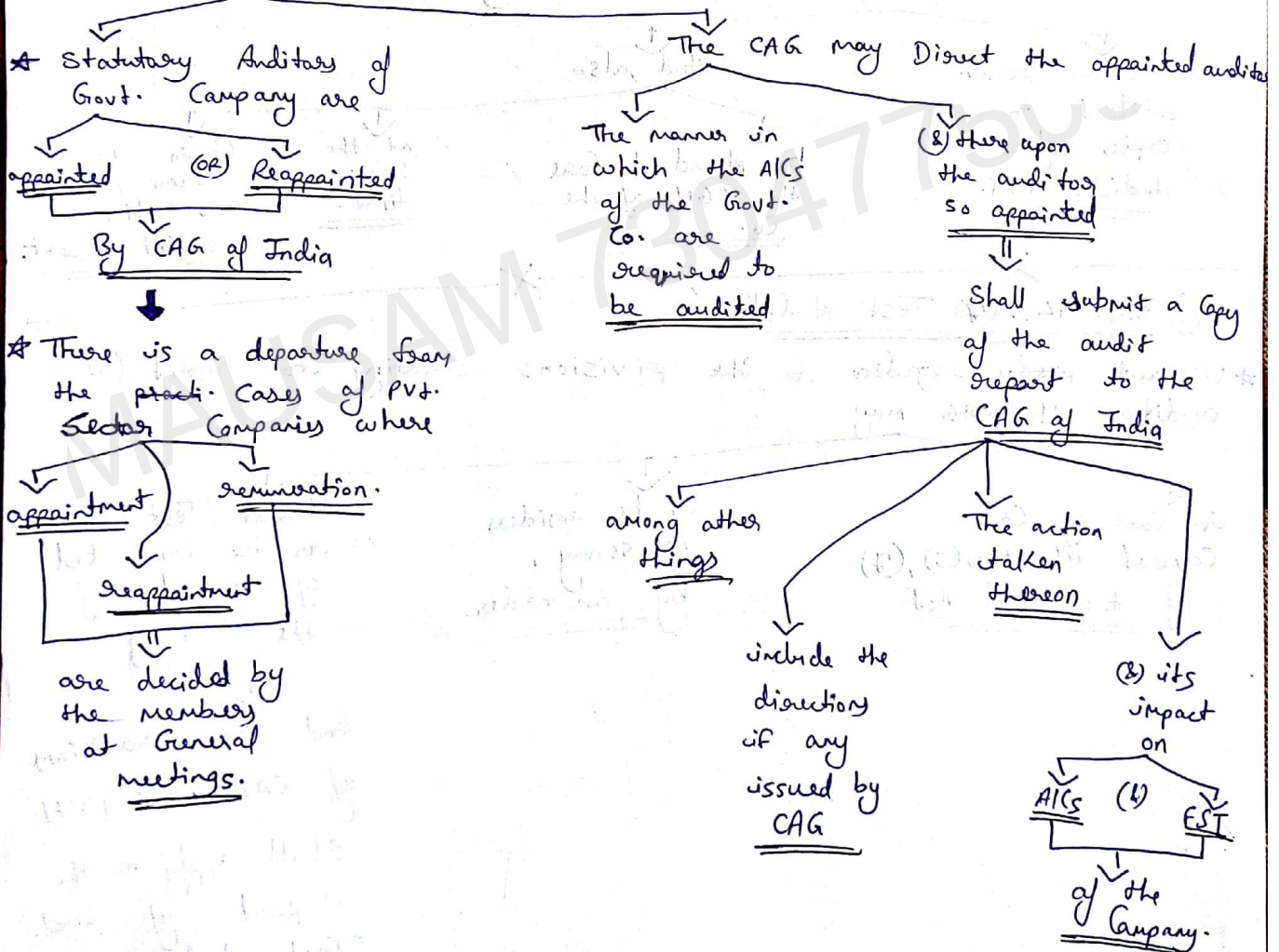
★ Without prejudice to the provisions relating to audit (3) auditors the CAG may





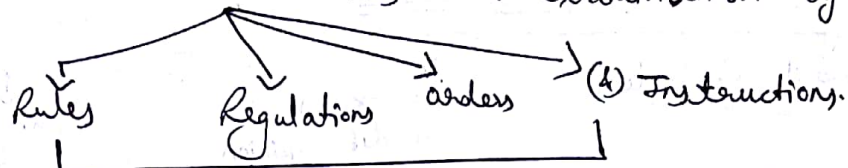
* What are the relevant sections of Companies Act 2013 and steps involved in audit of Government Companies?

1st) Appointment of Auditors 415 139(5), (7) read with Sec. 143(5) of the Companies Act 2013.



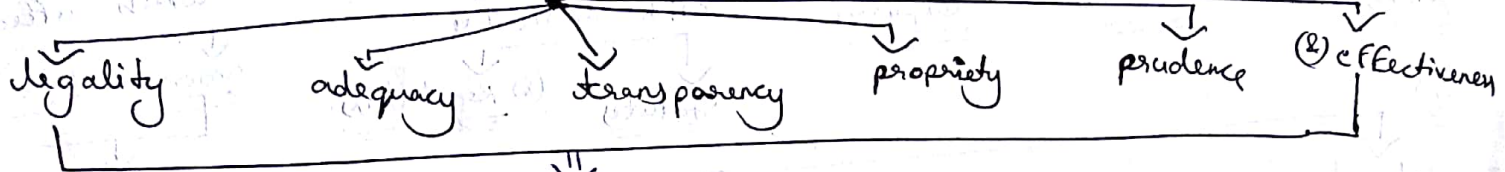
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* Compliance audit also includes an examination of the.



issued by the competent authority.

for their.



i.e whether there are.

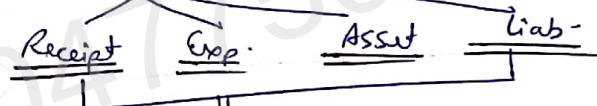
①

* Intra view of

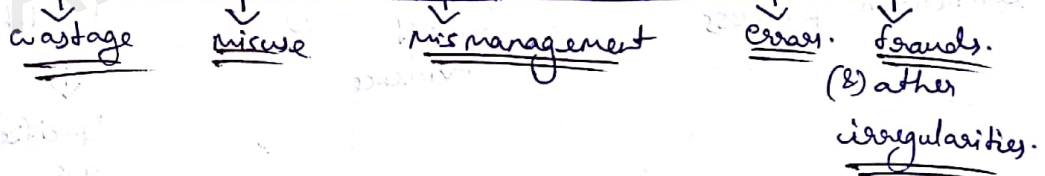
The provisions of Constitution of India. (4) The laws.

② * Sufficiently Comprehensive

(6) ensure effective control over Government



with sufficient safeguards against loss due to



③

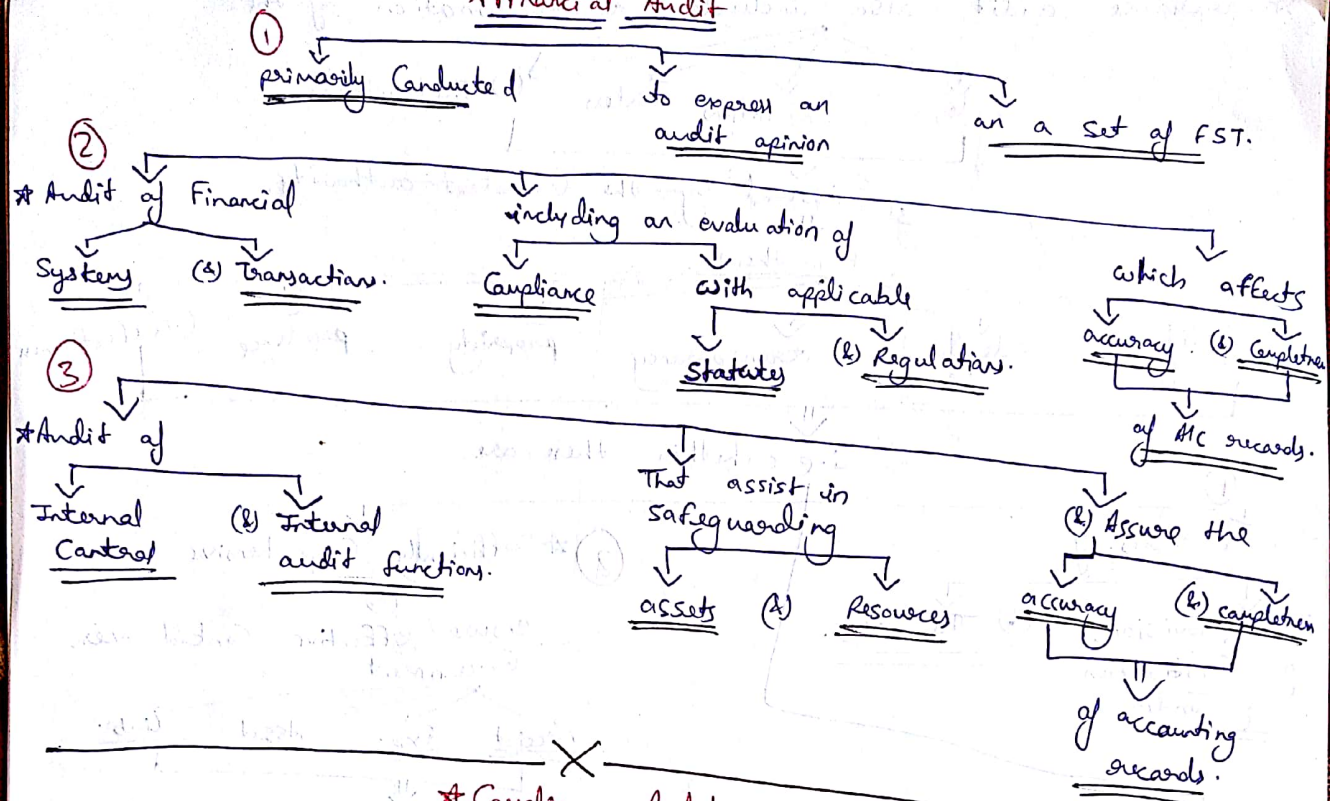
* clear (4) free from ambiguity

(2) promote observance of probity in decision making. (Transparency)

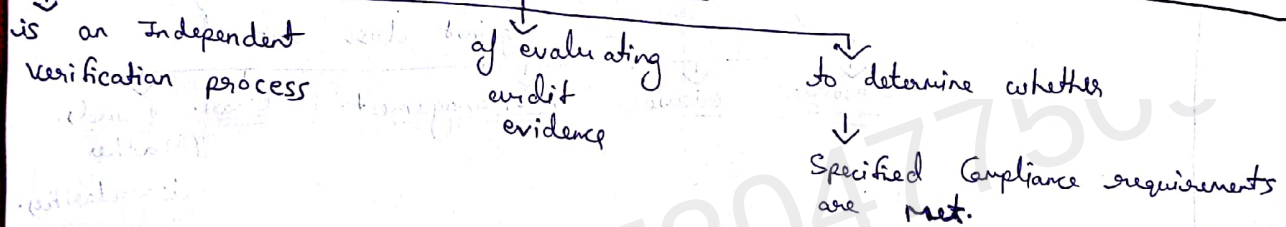
④

* effective (4) achieve the intended objectives (2) aims (effectiveness)

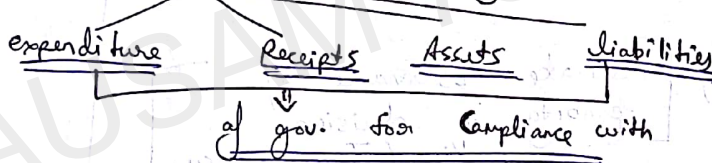
Financial Audit



Compliance Audit



* It examines the transactions relating to

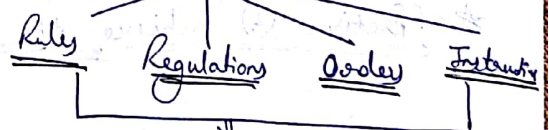


The provisions of

Constitution of India

(*) the applicable laws

And



issued by Competent authority

either in pursuance of the provisions of the Constitution of India. (*) the laws

And the laws. (or) by the virtue of the powers formally delegated to it by a Superior authority.

★ Problems in propriety Audit

↓
Auditing requires verifiable propositions
↓
establishment of which is very difficult for propriety Audit.

↓
However, CAG has developed norms of propriety
↓
for expenses of public funds. but it may not apply to transactions of private sector.

↓
★ It has inherent element of Subjectivity
↓
★ If mgt formulates norms of propriety for the entity
↓
The element of Subjectivity will get reduced.
e.g. ⇒ Travel by air. (may be judged as wasteful. However it becomes feasible due to time saving.)

★ The Judgement of Auditor
↓
Should not be Subjective as far as possible.

★ Objectives of Audit of PSU.

★ In PSU, there is involvement of public fund

↓
Which should be utilized considering public interest.

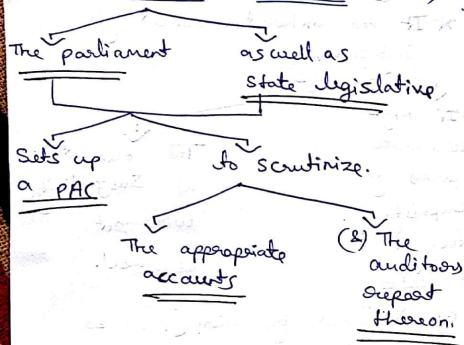
↓
normally these funds are directly used by the management

★ While Auditing, Auditor has to check.
↓
whether these funds have been used in a manner
↓
So as to meet the basic objective behind creation of PSU

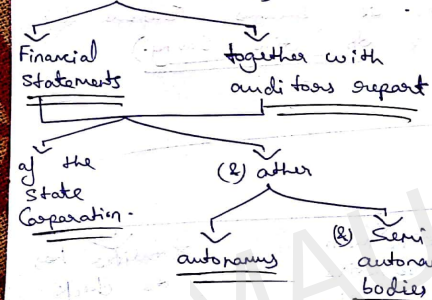
★ The main objective of auditor is to check.
↓
"Substance of transaction" entered into by PSU.

★ Auditor has to check whether these funds have been used in a manner conforming propriety norms.

★ Public Accounts Committee (PAC)



★ PAC also examines



⇒ ★ The public accounts committee satisfies itself that

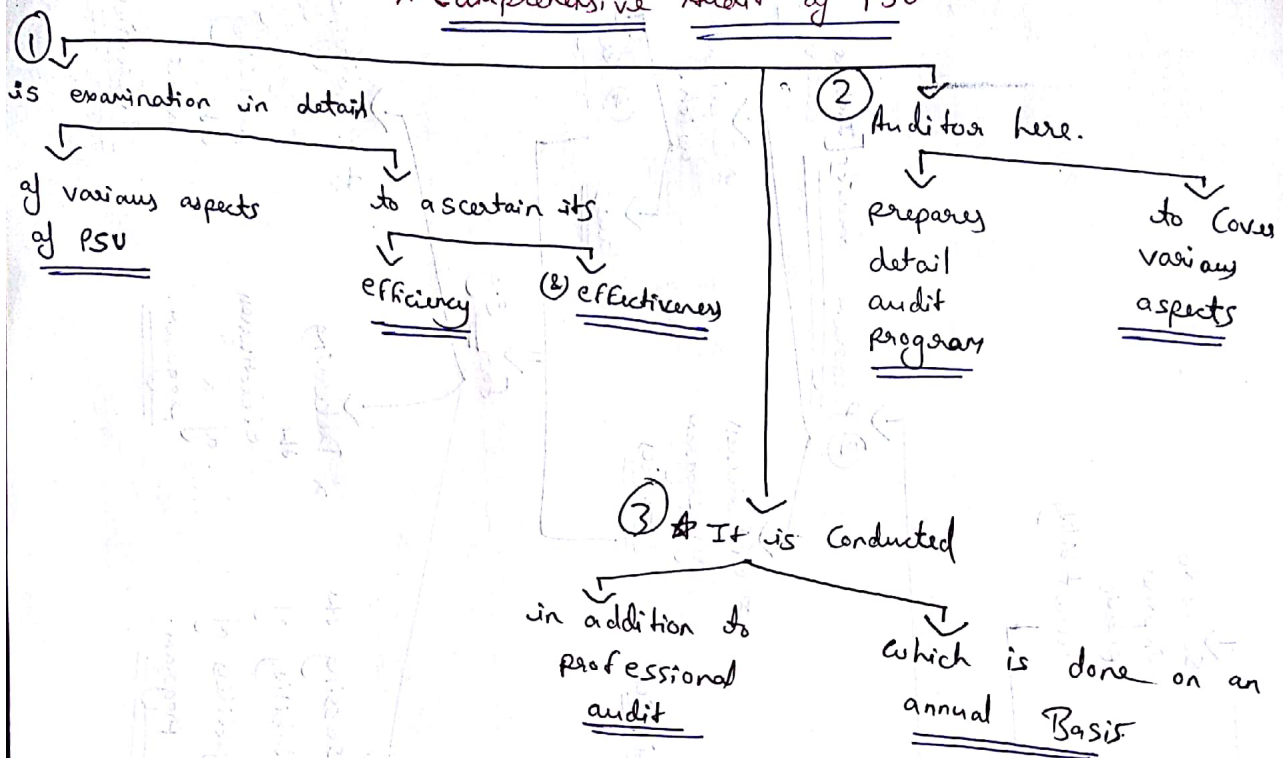
★ The money (shown in the accounts) were disbursed legally on the service (or) purpose to which they were applied.

★ Exp. was authorised.

★ Re-appropriation has been made in accordance with the provisions made i.e. (Distribution of funds).

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* Comprehensive Audit of PSU *



* Considerations by Auditor *

Memory technique.

* Jio re Investment Decision leke. India mein FTTH Connection Ka Project formulate Kiya

* MIS se India Ki Capacity utilization pata Ki

* R & D Karke. Kam material use Karke. Kam Cost pe Service provide Karne Jay Kiya

* Aaj uski operating Indiq mein achi (1) and Repair (2) maintainance hai

① Whether Investment Decisions are taken

Considering

Socio-economic objective of PSU.

② Whether PSU Considers

economy (2) efficiency

During its project formulation.

③ Whether MIS of PSU.

providing right info

on a timely basis

of which imp. decisions are taken.

④ [organisational. capacity utilization is proper]

(OR)

[there is. under utilization of installed Capacity.]

⑤ Use of material should be such as to produce minimum wastage.

⑥ Whether.

Cost Control measures are being adopted by the entity

So as to keep the Cost under check.

⑦ R & D program are being carried out in an effective way (1) these are in fact fruitful

⑧ Whether Repairs (2) maintenance program are being adhered to on a timely basis.

⑨ Its Internal Control Systems are operating effectively on a Continuous basis.

* Performance Audit

it is a Systematic examination - for independent assessment of the performance of govt. org. or activity. So as to improve public accountability.

Includes:

① Economy (or) efficiency Audit

Include determining as to whether

* Entity is acquiring (or) using its resources

in Economic (or) efficient manner

* Entity is complying with laws (or) Regulations.

* Causes of un economical (or) inefficiencies are identified.

for e.g.

avoiding overstaffing

having sound procurement practice

using appropriate (or) efficient procedures.

② Program Audit [Include determining]

* Effectiveness of program activities

* Compliance with laws (or) Reg.

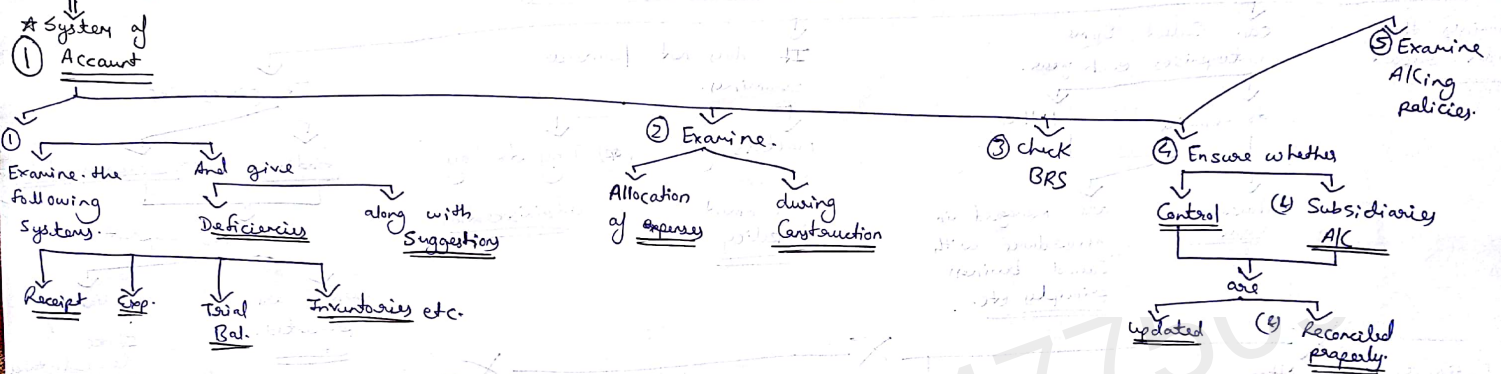
for e.g.

* Assessing the Suitability of objectives of a program.

* Determining the effectiveness of a program.

* Identifying ways of making it more effective.

* Dissection of CAG



* System of financial Control

* Delegation of financial power whether legally made.

* Whether credit from bank are monitored regularly.

* CAG - Certain provision

* The president of India shall appoint CAG.

* Appointment

* Removal (or) Resignation (3) Can Resign any time by a resignation letter addressed to the president of India.

① Can be removed from the office only on the ground of proven misbehaviour (or) incapacity.

② He can be removed from office only when each house of parliament decides to do so by a majority of at least 2/3rd of members present & voting.

* Remuneration

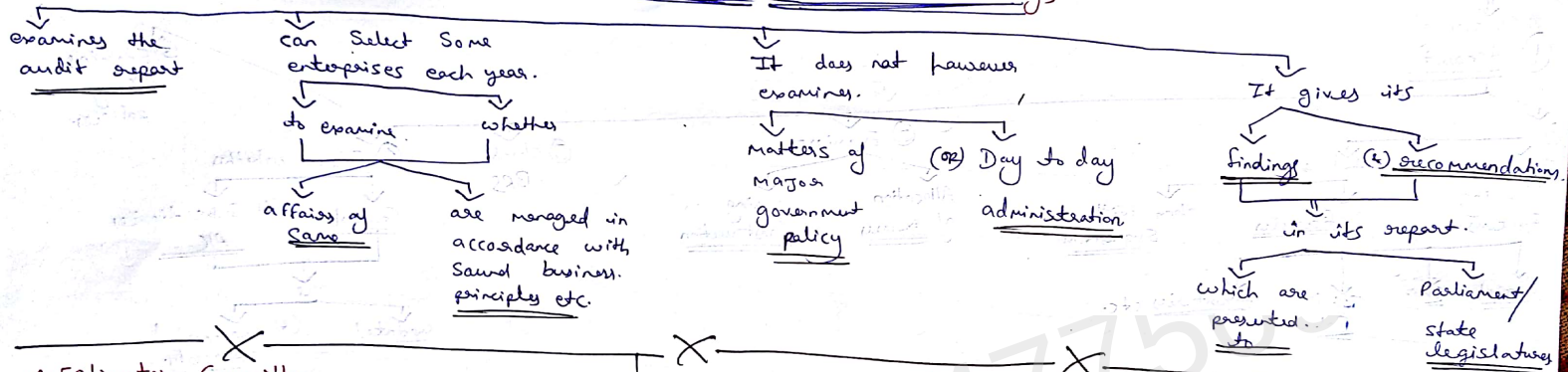
① Salary equivalent to that of a Judge of SC.

② Parliament is competent to make laws regarding it.

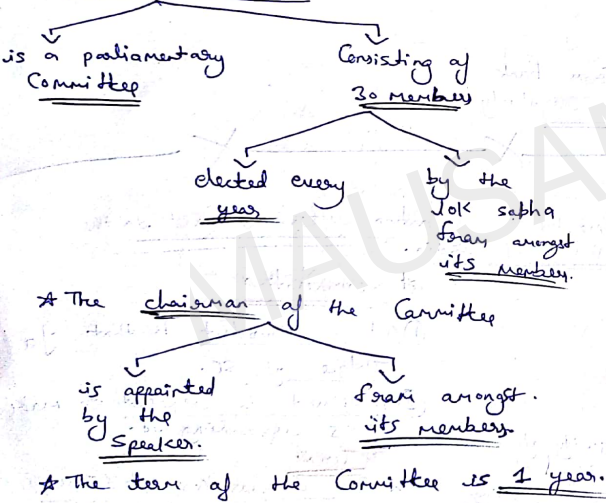
* Term

* For 6 years (or) upto 65 years. Earlier.

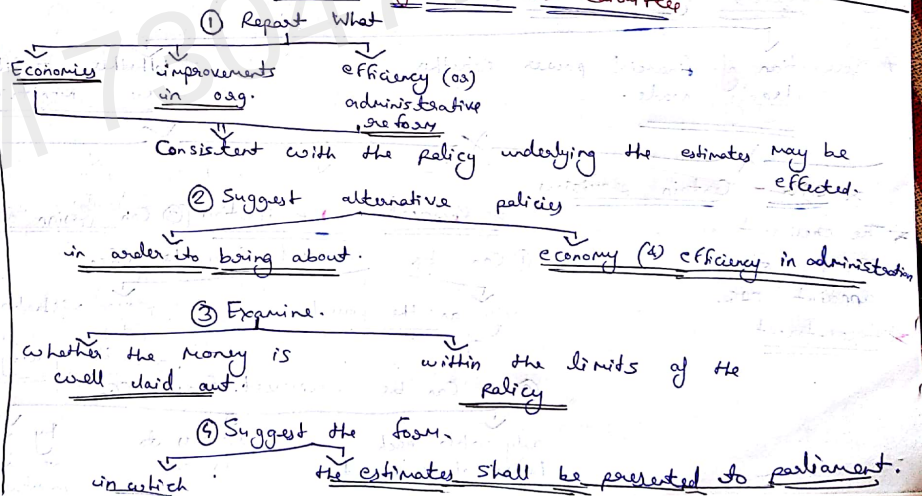
* Committee on Public Undertakings



* Estimates Committee

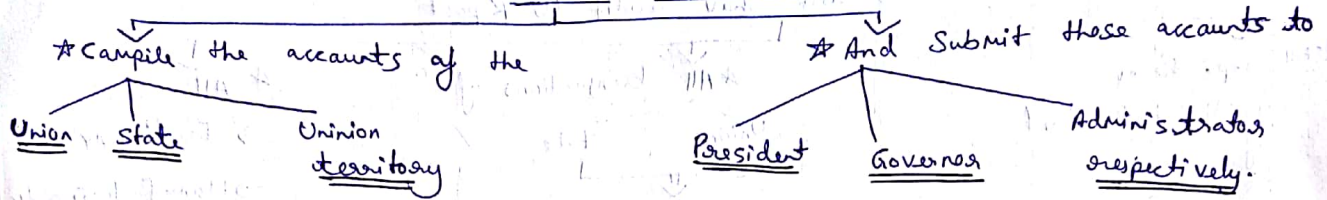


* Functions of Estimates Committee

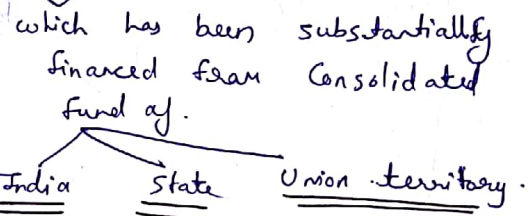
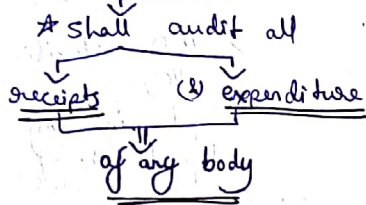


* Duties of CAG

* Compile (1) Submit Accounts

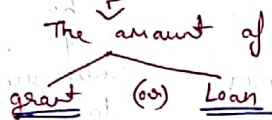


(2) Audit Receipts (1) expenditures.



Note

* A body (or) authority shall be treated as Substantially financed if

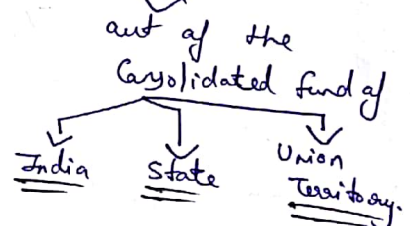
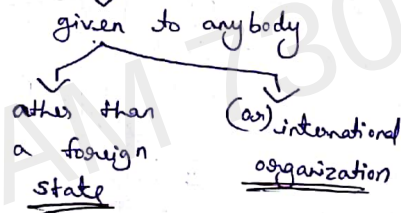
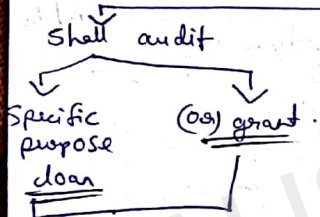


in 1 year.

is greater than 25 lakhs

(1) 75 % of the total expenditure of that body (or) authority.

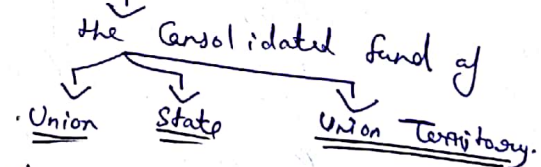
(3) Audit Grants (1) loans.



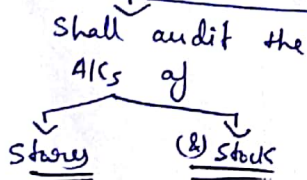
(4) Audit Receipts of Union (or) states.

Shall audit

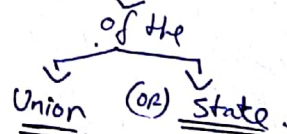
all receipts payable into



(5) Audit AICs of Stores (1) stock.



Kept in any office (or) department



(6) Audit AICs of Govt. G. (1) Corp.

CAG shall exercise

powers

(1) observe duties as per provisions of Company Act.

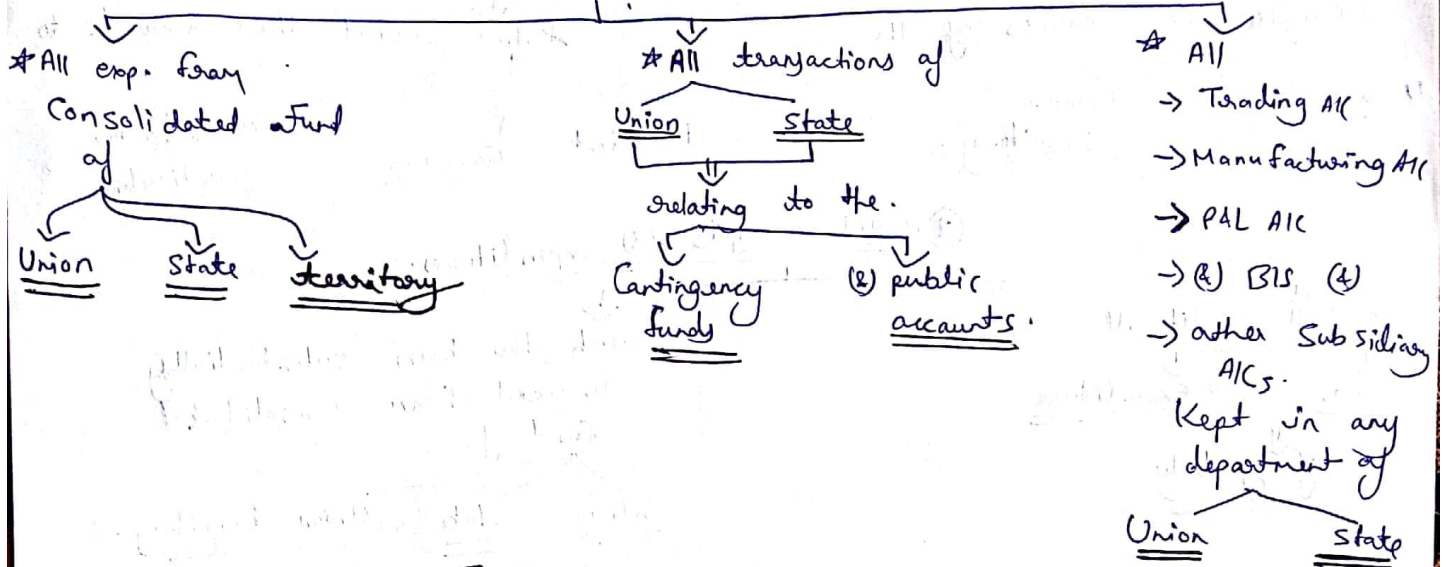
in relation to.

Govt. G.

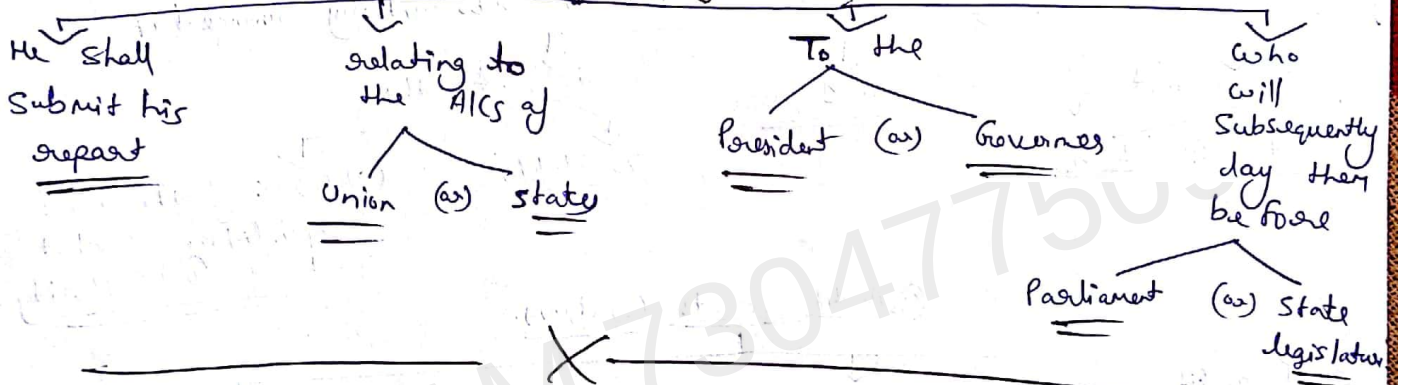
(or) Corporations.

7 Audit (&) Report

* CAG shall audit (&) Report



8 Submission of A/c's



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