



Introduction

Session overview

- Introduction
- Types of Audit
- Audit and Audit paras

Organization of C&AG

- The Comptroller and Auditor General of India (CAG) is the Head of the Indian Audit and Accounts Department (IA&AD) and derives his constitutional standing as the Auditor of the Union and State Governments from Articles 149 to 151 of the Constitution.
- The duties, powers and conditions of service of the Comptroller and Auditor General are laid down in the CAG's (Duties, Powers and Conditions of Service) Act, 1971.
- The CAG discharges his duties and functions through the Indian Audit & Accounts Department. The office of the CAG directs, monitors and controls the activities of various offices of the Department

Organisation structure

- The Department consists of about fifty thousand employees and is functionally organized into 104 specialized formations throughout the country.
- At the apex of the Indian Audit and Accounts Department is the office of the Comptroller and Auditor General of India which directs, monitors and controls all activities connected with audit, accounts and entitlement functions of the Department.
- It is responsible for development of organizational objectives and policies, audit standards and systems, management of the manpower and material resources of the Department and final processing and approval of the Audit Reports

Organisation structure

- For carrying out these responsibilities, it has been organized on a functional basis and there are separate divisions dealing with Accounts and Entitlements, Civil Audit, Railway Audit, Commercial Audit, Revenue Audit, Administration of Cadres, Training, Organisation and Methods, Inspection of field offices, IT/Is Activities etc.

Organisation structure

- The C&AG is assisted by the Deputy / Additional Deputy Comptroller and Auditor General and Principal Directors as per the *CAG's_Organisation_Chart at C&AG office, New Delhi.*
- *There are Principal Accountant General/Accountant General/Principal Director is headed by each office in the states duly assisted by Sr.DAG/DAG/AAG.*
- *Sr.DAG/DAG is assisted by SAOs/AOs/AAGs/Supervisors/Sr. Auditors/Auditors/clerks/MTS*

Organisation structure

For carrying out the diverse responsibilities, field formations exist for each specific area of auditing and accounting. There are 108 field formations with 89 Branch offices and 436 Resident Audit Offices across the country. The functional structure of the Department is shown schematically in the Chart. The functional distribution of Main Offices, Branch Offices and Resident Audit Offices (RAPs) is explained in the table(chart 3)

Organisation structure

- The statutory responsibility of the C&AG includes the audit of:
 - Union and State Government accounts, both receipts and expenditure
 - Bodies and authorities funded and/or established by the Union/State Governments
 - Government Companies and Corporations etc
 - The types of Audit undertaken by the C&AG include:
 - Performance Audits, Regularity (Financial) Certification Audits, Regularity (Compliance) or Transactions Audit
 - Information Technology (IT) Audit, Environment Audit
- The Audit Reports approved by the C&AG are presented to the Parliament/State Legislatures

Authority to conduct Audit

Audit of autonomous bodies and authorities is governed by the provisions contained in Section 14 of C&AG's (Duties, Powers and Conditions of Service) Act, 1971.

The Act authorises the C&AG to audit all the receipts and expenditure of a body or authority if (a) the amount of Govt grant or loan paid to it in a financial year is not less than rupees 25 lakh and (b) the amount of such grant or loan is not less than 75% of its total expenditure during the year. Further, audit all receipts and expenditure of a body or authority where the amount of Govt grants or loans to the body or authority in a financial year is not less than 1 crore rupees.

Types of audit in Universities

- There are two types of audit is being conducted by AG office in State universities. They are:
- 1. Compliance audit
- 2. Performance audit.

DETAILS OF NATURE OF AUDIT

➤ 1. Compliance Audit:

- Compliance audit examines the transactions relating to expenditure, receipts, assets and liabilities of Government for compliance with the provisions of the Constitution of India and the applicable laws.
- The rules, regulations, orders and instructions issued by the competent authority either in pursuance of the provisions of the Constitution of India and the laws or by virtue of the powers formally delegated to it by a superior authority.

DETAILS OF NATURE OF AUDIT

➤ 2. Performance Audit:

- Performance Audit is an independent assessment or examination of the extent to which an organisation, programme or scheme operates economically, efficiently and effectively.
- Performance Audit is conducted based on three 'E's: Economy, Efficiency and Effectiveness. Economy is minimising the cost of resources used for an activity having regard to appropriate quality. Efficiency is the relationship between the output, in terms of goods, services or other results and the resources used to produce them. Effectiveness addresses the issue of whether the scheme, programme or organisation has achieved its objectives.

AUDIT PROCESS IN AUDIT

Compliance Audit	Performance Audit
Scope is generally covers a financial period of 1 or 2 years	Audit covers generally 5 years
The objective is of attestation of financial accountability	Audit of economy, efficiency and effectiveness
The evidence of documents is in conclusive nature of transactions	Variety forms of evidence and qualitative in nature
Assessment with little scope for subjectivity i.e test audit	Widely varying and subjective with ample scope for interpretations and assessment are unique to the subject of PA

AUDIT PROCESS IN AUDIT

Compliance Audit	Performance Audit
Report opinion on compliance to laws, regulations and rules and related to specific financial periods of reporting	Report/conclusions on economy and efficiency with which the resources are acquired and used and the effectiveness with which the objectives are met.
	Generally separate publications on each subject of performance audits as and when conducted.
There is no Entry and Exit conference	Entry and exit conferences will be conducted with the auditee units.

AUDIT PARAS IN LOCAL AUDIT REPORTS

- The last Audits of SPMVV were conducted during 2008-09 & 2009-10 and the following were some of the important Audit observations made:
 -
 - Irregular maintenance of Cash Books.
 - Delay in presenting DDs to Bank.
 - Outstanding Tuition Fees.
 - Under- utilisation of services of Teaching Staff.
 - Low enrolment in some courses.
 - Excess Teaching Staff.

AUDIT PARAS IN LOCAL AUDIT REPORTS

- Non-generation of Patents on Research Projects.
- Wasteful expenditure due to non-completion of projects.
- Avoidable/Irregular expenditure on projects.
- Non-accountal of fee receipts.
- Non-maintenance of separate special fee account.
- Inadmissible expenditure towards Travel Grant (2008-09 IR).
- Irregular sanction of Study Leave (2008-09 IR).
- Non-adjustment of Advances Rs.1.93 crore (2008-09 IR).

AUDIT PARAS IN LOCAL AUDIT REPORTS

- Diversion of scheme funds-Rs.3.00 crore(2008-09 IR).
- Non-accountal of Funds/ Defective preparation of annual accounts(2008-09 IR).
- Un-authorized retention of Fund-money in Fixed Deposits.
- Excess payment to contractors for Works(2008-09 IR).

AUDIT PARAS IN PERFORMANCE AUDIT REPORTS

- I. FINANCE MANAGEMENT:
 - A) Budget and Expenditure
 - B) Preparation of Annual Accounts
 - 1. Non-preparation of income and expenditure statement and Balance sheet
 - 2. Certain receipts not exhibited in the Annual Accounts
 - 3. Pre-Audit of bills was not ensured before payment was made.
 - 4. cash book is being written based on the bank pass book entries.
 - 5. cash book was not closed and bank reconciliation was not done.

AUDIT PARAS IN PERFORMANCE AUDIT REPORTS

- 6. There was no assurance that all DDs remitted into Banks were credited to University Account.
- 7. Belated remittance of DDs into banks resulted in loss of interest
- 8. Excess/ inadmissible payments of Rs 1.76 crore were made to University teaching staff
- 9. There was short collection of Rs 47.35 lakh by DDE towards term fee and examination fee
- 10. Advances amounting to Rs 7.39 crore given to University Officers were outstanding; of which Rs 1.83 crore pertained to 1999-2000 and earlier years

AUDIT PARAS IN PERFORMANCE AUDIT REPORTS

- 11. There was accumulation of Rs 1.84 crore in the Special Fee Account maintained by three campus colleges.
- 12. Rs 2.57 crore being the University's share of tuition fee Component remained to be remitted by the Engineering College.
- 13. Non-remittance of Electricity, water charges and room rent collected from boarders by Hostel authorities
- 14. Mess charges amounting to Rs 11.85 lakh remained to be collected from the boarders for the years 2006-07 and 2007-08













THANK YOU