



AUDIT AS AN INSTRUMENT OF EFFECTIVE VIGILANCE

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INSTRUMENT OF FINANCIAL CONTROL

Audit as defined in paragraph.7 of “An Introduction to Indian Government Accounts and Audit” is in Instrument of Financial Control.

The verification of correctness of receipts and expenditure. In the light of government orders and rules.

Constitutional Provisions and Govt Orders

- Article 148 to 151 of the constitution of India ,provides the base for CAG.
- Acts such as State Audit Act.
- Special GO's issued by govt. from time to time.



The significance of Audit

1. Government is biggest spender and receiver of funds
2. Government required the review of its activities on the bases of the Audit reports
3. Provide base for investigation.



Audit – Inspection

Fact finding and fault finding.

Types of Audit

Internal Audit and External Audit

Pre Audit and Post Audit

Revenue audit and expenditure audit

Social audit

Issue based audit and time based audit.



Audit covers

1. Receipts
2. Expenditure in the light of government orders and the aims of organization

Receipts

a) Grants

1. Maintenance grants
2. Matching grant
3. Specific grant

b) Taxes

c) Non - Tax able income

Expenditure

- a) Pay and allowances
- b) Contingent expenditure
- c) Development / Welfare Expenditure

Types of Objections

- Diversion of funds / grants
- Under utilization / non-utilization
- Misappropriations
- Irregularities in service matters
- Leakage of revenue
- Non settlement of advances

Audit paras and Audit reports *

Audit report is not the judgment, it's the opinion of the Auditor basing on records, G.O.s and rules

Spending Spree –At the end of the financial year

- Late release of funds
- Indecisiveness on the part of controlling officials
- Pressure to reach the target.
- Vested interest.
- Special discretionary powers.



Replay to the Audit Reports, Audit Paras

The departments should replay to the audit paras and reports in specific time.



The Audit paras are generally are in the following types

1. Suggestive
2. Recoverable paras (excess payments in eligible payments)
3. Analytical paras

Thank You !