



Role of CAG in audit of Government Transactions

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CAG's Constitutional Responsibility

Audit of Expenditure from the Consolidated Fund

Audit of Receipts of the Government

Audit of Stores and Stock

Audit of Bodies Substantially funded by Government

Audit of Government Companies

Audit of Local Bodies

Maintaining Accounts of State Governments

Entitlement Function

Different types of Audit

Compliance Audit

Propriety Audit

Performance Audit

Information Technology Audit

Financial Attest Audit

Systems Audit

Environment Audit

Audit of Assets and Liabilities

Audit against Provision of Funds



Example of Performance Audit in IR

- Punctuality performance of IR is only 69%
- IR prepared working timetables manually
- 6 internal controllable were critical accounting for 66% of total detention to trains over the network
- IR did not address these factors on priority
- Only 20% of Capital Expenditure was incurred on 5 critical factors like Path, Traffic, Engineering, Block and Signaling & Telecommunication these contributed 51 per cent of the detention of train
- Audit prepared a computer based working time table which can save 5.5 hours i.e., 23% of the running time with existing resources

Scope and Extent of Audit

- Sole authority to decide the scope and extent of Audit
- Scope generally covers assessment of internal controls
- Extent of audit is decided to fulfil the mandate and objective of audit
- Can dispense with any part of the detailed audit
- Requests for the Special Audit
- Reporting the results of the Special Audit



Audit Evidence

- Competent, relevant and reliable evidence to support conclusions
- Data, information and documents relied upon
- The form, type and extent of data, information and documents required for audit tests and evidence shall be determined by the Audit Officer
- Shall have access to all the data/information and documents
- Photographs and Surveys are also taken as evidence
- Can conduct physical verification
- Can seek attestation of evidence collected

Engaging Expert



Engages external expert or subject expert



Determines the Scope of work by the expert



Clear terms specified in Engagement letter



Informs the auditee about the external expert



Responsibility for the conclusions drawn lies with audit

Audit Advisory Board

Board consists of Eminent people

Board exists at CAG level and all field office levels

Advise on all important matters of public audit

Suggest improvements to auditing concepts and techniques

Advise for overall improvement in the quality of audit



Conduct of Audit



Conducts both off-site and on site audits



HODs to supply the list of offices



Advance intimation for audit



Requisition for data/ information etc



Confidentiality of the information obtained



Entry and Exit Conferences



Issue of Audit Memos and Replies



Meetings with the Officers

Reporting

Initial Audit Queries

Initial Audit Observations

Draft Local Audit Report

Inspection Reports/Local Audit Reports

Factual Notes

Communicating the Draft Paragraphs

Assisting PAC/COPU

Followup of Recommendations of COPU/PAC