

47
D.O.NO.364-Audit-II/72-90

S. LAKSHMINARAYANAN
PR.DIRECTOR(AUDIT)

OFFICE OF THE
COMPTROLLER AND AUDITOR GENERAL OF INDIA
NEW DELHI - 110002

Dated: 17-3-1992

Dear Shri

Kindly refer to Shri K.S.Sastry, Director of Audit's D.O. letter NO.649-AU.II/143-85 dated 29.4.1985 and Shri G.M.Mani, AD(A)'s circular D.O. letter NO. 157-Rep(AR)/20-86 dated 31.5.88 regarding audit of autonomous bodies and preparation of S.A.Rs. In para 1.7 of Shri Sastry's D.O.letter it was decided that audit under Section 14,19 and 20 will be done on an annual basis except in offices which have shortages in which case suitable relaxation may be sought from Headquarters office.

2. From the annual returns furnished by various Accountants General, it has been observed that arrears in audit of accounts of autonomous bodies subject to audit under Section 14, 15,19 & 20 have been on the increase. The arrears are mainly attributable to shortage of staff or non-finalisation of accounts by the autonomous bodies.

3. In order to streamline the procedure for audit of autonomous bodies, certification of accounts and preparation of S.A.Rs, the following changes in the existing instructions are made :-

- (i) Certification of accounts will be done every year. Where there are arrears in certification of accounts already received, Accountants General concerned should take steps to immediately clear these arrears by deputing special parties. This work should be given priority every year.

(ii) Propriety audit under Section 14, 19 & 20 should be conducted in cycles ensuring that they are covered once in three years or less. The list drawn up should be sent to Hqs.

(AB Section) by the middle of March every year. The first list should be sent to Hqs. by the middle of May 1992.

Interse priority of the audit of these organisations/bodies should be decided by the Accountants General vis-a-vis the civil, Forest and works audit under their charge.

In this connection the Accountants General may carry out an exercise to determine the need for the existing

periodicity in the civil, Works and forest wings keeping

in view the fact that there is a major shift in the expenditure pattern due to introduction of social and developmental schemes in areas other than Works, Forest etc. Such studies will help in redeploying the manpower resources to areas like sections 14, 15, 19 & 20 audits which are assuming greater importance. Major autonomous bodies viz., Port trusts U.G.C. etc. should be subject to propriety audit every year.

(iii) In respect of Section 14(1)&(2) it should be kept in mind that a body or authority fulfilling the conditions of audit in any year is also liable for audit for a further period of two subsequent years and any audit due should be completed within this time span. Separate inspection reports may be issued on such audits and points of interest and of great importance should be reflected in the conventional audit reports.

(iv) In respect of Section 19 & 20, from now onwards, the S.A.R. should contain only 'comments on accounts' and

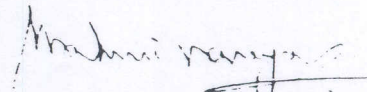
the existing procedure of including all the audit points in the S.A.R. may be discontinued.

By delinking the audit comments from the SAR, we will be laying more emphasis on the 'comments on Accounts' which will be more on the commercial pattern. Our experience on the commercial side indicates that we can be more effective by delinking the two issues. Observations arising out of transaction audit can be issued separately and will not form part of certification of accounts. The comments on accounts will then be brief, concise and more effective.

Important irregularities, points of interest and importance etc. noticed during audit of an organisation should be highlighted through the conventional Audit report, while the other irregularities will be pursued through the Inspection report like in the case of other audits.

Hindi version will follow.

yours sincerely


(S. LAKSHMINARAYANA)