

**GOVERNMENT OF ANDHRA PRADESH
DIRECTORATE OF STATE AUDIT**

Circular Memo No 318/Q/2013 Date 04.10.2013

Sub: - Audit - TGS (Technical Guidance and Supervision) of C&AG -
Comprehensive Guidelines - Issued - Reg

Ref: - 1) GO Ms No 613 Finance (Admn.II) Department dated 24.08.2004
2) Minutes of the Meeting of the DSA with Senior Deputy AG (LBAA)
dated
3) T/O Circular Roc No 10700/10/G/2011-1 dated 22.07.2011
4) Letter PAG (GSSA)/SS1/2013-14/82 of PAG (GSSA) dated 23.09.2013

The RDDs and DAOs are informed that instructions were issued vide ref (4) to follow the guidelines issued by the Government on the TGS of C&AG during the Audit Matters of PRIs and ULBs. The PAG (GSSA) is forwarding the various Audit Observations on the important Audit Matters of the PRIs and ULBs and requested the DSA to issue necessary instructions to the Field Staff of DSA for strict compliance under TGS of C&AG

Keeping in view of the above the following Comprehensive Guidelines are issued on the TGS of C&AG in the Audit Matters of PRIs and ULBs for strict compliance

Scope of TGS of C&AG over DSA in the Audit of PRIs and ULBs:

- a) The Audit Methodology and Procedure for Audit of PRIs and ULBs by the Director of State Audit will be as per Audit Guidelines/Standards prescribed by the C&AG and various Acts and Statutes enacted by the Government
- b) The Nature, Extent, Scope of Audit including Form and Content of the Reports of the Director of State Audit on the PRIs and ULBs will be as per the Guidelines given by the Principal Accountant General and various Acts/Statutes enacted by the Government
- c) The Director of State Audit will prepare Annual Audit Plan under intimation to the Principal Accountant General indicating the particulars of PRIs and ULBs that would be audited during the year
- d) The Principal Accountant General would conduct Test Check of some of the PRIs and ULBs audited by the Director of State Audit in order to provide Technical Guidance. The Report of the Test Check conducted by the Principal Accountant General would be sent to the Director of State Audit for perusal of action taken by the PRIs and ULBs. The Director of State Audit will peruse the compliance of such paras in Principal Accountant General's Inspection Report in the same manner as if there are his own reports

- e) Principal Accountant General will monitor the quality of the Inspection Reports issue by the Director of State Audit calling for some of the Reports for his scrutiny. The Director of State Audit will furnish returns in such form as may be prescribed by the Principal Accountant General for purpose of monitoring
- f) Copies of Issued Audit Reports in respect of 10% Local Bodies should be forwarded by the Director of the State Audit to the Principal Accountant General for the advice on the system of improvements and the Principal Accountant General would make suggestions for improvement of existing manuals etc., followed by the State Audit Department
- g) Irrespective of Money Value of the Objections, any Serious Irregularity is noticed such as System Defects, Serious Violation of Rules, Frauds noticed by the Director of State Audit will be intimated to the Principal Accountant General
- h) The Director of State Audit will develop in consultation with Principal Accountant General a system of internal control in his organization

Procedure for implementation of TGS:

- 1) The Inspection Report of the PAG on the test checked PRIs/ULBs will be forwarded to the DAOs for pursuance of the Objections/Paras raised till finality as if it is own report. In any case the Inspection Report is not received by the DAO then the copies of Inspection Reports may be collected from the respective Auditable Institutions as and when the Audit of the Institution is taken up by the DAOs
- 2) The role IA&AD (Indian Accounts & Audit Department) will be collaborative and supportive to the functioning of the Director, State Audit but not fault finding with the functioning of DSA and the role should be viewed as one of positive functioning. In other words the apprehensions of the Staff of AP State Audit Department that the PAG will identify the omissions of Audit and became a fault finding machinery of DSA were turned down by the PAG (GSSA) and further PAG (GSSA) has assured that the role IA&AD is limited to support and corroborate the DSA
- 3) The AAOs and Auditors who conducts the Audit of a particular Auditable Institution will be the members of the Audit Party of AG that conducts Local Audit of that particular PRI/ULB so that the AAOs and Auditors may enable to expertise in the fields from the Guidance from the staff of PAG
- 4) The AG Objections should form and part of the State Audit Reports of the Institutions concerned. Therefore, the DAOs instructed to see that such observations are figured as Audit Objections in the Para on "Compliance to AG's Paras" in the Audit Report of the Auditee Institution audited by State Audit Department and pursue the AG's Paras with the Auditee Institution in furnishing replies to PAG to settle the Audit Objections
- 5) The DAOs should forward, monthly, the Serious Irregularities noticed during the Audit to the DSA so that the same can be forwarded to the o/o Principal AG (GSSA) as part of TGS

- 6) The State Audit coverage should include all such aspects observed by the PAG (GSSA). Therefore the DAOs, AAOs and Auditors are requested to keep these TGS Points in mind while conducting Audit and approving the Audit Reports. Hence, these TGS Points need to be circulated to all the Staff working under them. The gist of the Audit Observations of Principal AG is that following aspects need to be incorporated into the Audit Report
1. Efficacy and Efficiency of Accounting System
 2. Timely Completion of Accounts
 3. Adequacy of Internal Control Mechanism
 4. Poor Revenue Management
 5. Expressing of Opinion on the True and Fair position of Accounts and Maintenance of Records
- 7) The DAOs should document receipt of Inspection Report of AG from 2005-06 onwards institution-wise and maintain Audit Objections Register separately for Inspection Reports (IRs) of AG and send information on the Settling the Audit objections of AG, every quarter, along with 6 (Q) Periodical on the same lines
- 8) The DAOs, AAOs and Auditors should follow the instructions issued by the DSA as part of TGS of C&AG as and when requested by the PAG (GSSA)

The RDDs, DAOs and AAOs are instructed to give necessary instructions to their subordinate field staff to verify the records with a broader view as viewed by Deputy AG in addition to regular checks. They are also instructed to furnish the information periodically in the given proforma regarding the action taken on the points raised by the PAG (GSSA) in their Inspection Notes

Sd/-
DIRECTOR (I/C)

To,
The RDDs, DAOs, AAOs and Auditors in the State

//Forwarded By Order//

AAO Q Section