

Authority of the C&AG in regard to audit of expenditure

Section 13 of the Act authorises the Comptroller and Auditor General to audit all expenditure from the Consolidated Fund of India and of each State and of each Union Territory having a legislative assembly. Section 13 read with Section 2(e) of the Act also authorises the Comptroller and Auditor General to audit all transactions of the Union and of the States and Union Territories relating to Contingency Funds and Public Accounts.

Examination of systems and procedures and checks to be applied in audit of expenditure
Audit of expenditure incurred from the Consolidated Fund examines and verifies whether adequate, proper and sound systems and procedures are in place and are being complied with, both in letter and spirit, for spending public money. Audit inter alia checks the expenditure for:

1. Appropriation, that is, the availability of funds in the budget, including supplementary grant(s) and re-appropriation; this also includes (a) examination of the orders of re-appropriation for their legality, competence and propriety; and (b) confirmation that the expenditure is within the scope and intent of the grant and does not attract the limitation of new service or new instrument of service;
2. Authorisation by the authority that is competent to do so;
3. Compliance with the requirement of the applicable laws, rules, regulations, orders and instructions in actual disbursement;
4. Evidence by way of vouchers, payees' acknowledgements, etc;
5. Record in the books of the spending officer, including cross-verification with the records of the treasury, pay and accounts office, bank, etc;
6. Accounting in the books of the Government; and
7. Monitoring, control and reporting as prescribed in the Government rules.

The above carries an embedded, but essential, requirement of the examination of expenditure for compliance with the broad and general principles of financial propriety. Audit shall bring to light not only significant cases of irregularity and breach of rules, regulations and orders but also every matter which, in the judgment of the audit officer, appears to involve significant unnecessary, excessive, extravagant or wasteful expenditure of public money and resources despite compliance with the rules, regulations and orders.