

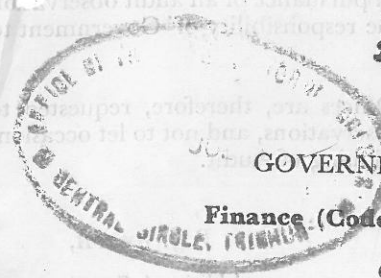
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GOVERNMENT OF KERALA

Finance (Code Revision) Department

CIRCULAR

No. 55/77/Fin.

Dated, Trivandrum, 31st May 1977.

Sub: Audit observations contained in letters, Inspection Reports, etc.—
Passing on to private parties—Reg.

0757

The Accountant General has brought to the notice of Government a case in which an Assistant Educational Officer forwarded extracts of Inspection Reports received from Audit to the Manager of certain Private Schools, and asked for the refund of grants held therein to be inadmissible. The action of the Assistant Educational Officer was challenged in court by two of the Managers, impleading the Accountant General as third respondent in both the cases, although the Accountant General had no direct dealings whatsoever with the plaintiffs.

2. The Accountant General has, with reference to this case, pointed out that irregularities, if any, detected in the course of audit of Government transactions are reported to the Head of the Office/Department concerned, through letters, Inspection Reports, etc., and it is the duty of that officer to scrutinise the irregularities/defects with reference to the facts and the rules and orders governing the transactions, come to a conclusion regarding the validity of the points raised by Audit, and take further action. The Accountant General has further clarified that the decision to accept the objection should be that of the Head of the Office/Department, and that it will not be correct to pass on the audit observations to private parties.

3. The question was considered, in consultation with the Law Department. According to Section 13 of the Comptroller and Auditor General's (Duties, Powers, and Conditions of Service) Act, 1971, it is the duty of the Comptroller and Auditor General, to audit, inter alia, all transactions on Government account. While it is the duty of Audit to verify whether financial rules and orders are properly applied and report the result to the competent authority (Head of the Office/Department), it is the duty of that authority to examine and finally decide whether the audit observations are acceptable, and if so, to take appropriate action to rectify/check the irregularity. For this, it is not necessary to communicate the audit observations, as such, to outside

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agencies. If, in any case, the action taken in pursuance of an audit observation is challenged in a court of law, it will be the responsibility of Government to defend Government's interests.

4. All Heads of Departments and Offices are, therefore, requested to bear this in mind while dealing with audit observations, and not to let occasions of the kind arise to disturb the smooth functioning of Audit.

P. J. JOSEPH,

Additional Secretary.

CIRCULAR

Date: 31st May 1977

No. 3577/Fin

Sub: Audit observations contained in letters, Inspection Reports, etc. —
Passing on to private parties—Reg.

To
The Accountant General, Kerala, Trivandrum (with C. L.).
All Heads of Departments and Offices.

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3. The question was considered in consultation with the Law Department. According to Section 13 of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act 1971, it is the duty of the Comptroller and Auditor General, to audit inter alia, all transactions on Government account. While it is the duty of Audit to verify whether financial rules and orders are properly applied and report thereon to the competent authority (Head of the Office/Department), it is the duty of that authority to examine and finally decide whether the audit observations are acceptable and if so, to take appropriate action to rectify/check the irregularity. For this, it is not necessary to communicate the audit observations, as such, to outside