



Circular No. 70 + 160 PPG/44-2013

भारत के नियंत्रक-महालेखापरीक्षक का कार्यालय  
9, दीन दयाल उपाध्याय मार्ग, नई दिल्ली - 110124  
OFFICE OF THE  
COMPTROLLER & AUDITOR GENERAL OF INDIA  
9, Deendayal Upadhyaya Marg, New Delhi-110 124

दिनांक / DATE 4/4/2014

To

All Principal Accountants General/Accountants General (Audit)  
All Director Generals/Principal Directors (Audit)

Subject:- Preface to Audit Reports( Union and States)- Guidance Note.

Sir/Madam,

A note on the "Preface to Audit Reports" applicable to the audit reports of CAG of India (both Union and States) is attached herewith for guidance.

Please acknowledge the receipt.

Encl : as above

Yours faithfully,

-sd/-

(Meenakshi Sharma)  
Director General (PPG)

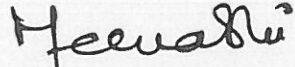
No. 161-PPG/44-2013

Dated 4.4.2014

Copy to:

All DAIs/ADAIIs

All DGs/PDs (at Headquarters)

  
Director General (PPG)

## GUIDANCE NOTE

### PREFACE TO AUDIT REPORTS

A need has been felt for bringing about some uniformity and consistency in the preface to the audit reports of CAG of India. The preface is essentially to convey to the reader of the purpose and scope of the report. It is therefore, necessary that the following essential elements must be present in the preface of all the audit reports of the Union and State Governments.

**I. Mandate** – Constitutional mandate that the report has been prepared under Article 151 of the Constitution for submission to the President/Governor, as the case may be, has to be mentioned in all reports other than the reports prepared exclusively on the Public Sector Undertakings (PSUs).

In the case of reports dealing exclusively with the audit of PSUs, a reference has to be made about the mandate available under Section 619 of the Companies Act 1956. A reference has also to be made about the supplementary nature of the accounts/audit which is being done under Section 19(1) of the CAG's (DPC) Act.

There is no requirement of mentioning the provisions of the CAG's (DPC) Act for any other report.

**II. Scope of the Report** – Scope of the report would cover the following 4 sub-elements:

- (i) Year of the report – In case of the reports which are prepared on an annual basis i.e. the report on State Finances, the compliance and performance audit reports, a reference has to be made about the year for which the report has been prepared. However, there is no requirement of mentioning for the year ended ----- in the case of the stand alone audit reports.

- (ii) Audited entities – Names of the departments whose results of audit are covered in the report may be mentioned. This has become necessary after restructuring of the Department and **splitting** of reports **among** different sections. A reference may also be made that departments not covered in this particular report would feature in other reports. However, it is not required to mention the name of department under audit in the report No.1 of the Union Government and the report on State Finances as those reports cover the concerned Government as a whole. In case of the stand alone reports the subject matter under audit may be mentioned.
- (iii) Type of audit – The preface should contain the information about the nature of the audit i.e., that this report contains results of performance/financial/compliance audit as applicable.
- (iv) Period of audit – The preface should explain period to which the instances pointed out in this report belong to. Mention that certain instances may also belong to the earlier years or subsequent year as applicable may be required.

**III. Standards** - Preface should mention that the audit has been undertaken in conformity with the CAG's auditing standards.

**IV. Acknowledgement** – In case of the stand alone reports, an acknowledgement of the cooperation extended by the Executive may be mentioned. However, in the case of other reports the acknowledgement could appear in the relevant chapters.

Formats designed for different types of Audit Reports are attached. The modifications in the structure and language can be made, if necessary, with the approval of DAI/ADAI **for the Report concerned.**



## DRAFT PREFACE

This Report for the year ended March *(the relevant year)* has been prepared for submission to the President /Governor of *(Name of state)* under Article 151 of the Constitution of India.

The Report contains significant results of the performance audit and/or compliance audit of the Departments of the Union Government/Government of *(Name of the state)* under the *(Economic/General and Social Services)*, including Departments of *(name of the departments covered in the report)*. However, Departments of *(name of the departments not covered in the report)* are excluded and covered in the Report on *(General and Social Services/Economic)*.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period *(relevant financial year)* as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; instances relating to the period subsequent to *(relevant financial year)* have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

***Applicable to the Reports dealing with Economic(including Revenue) and General & Social Services sectors***

## DRAFT PREFACE

This report deals with the results of audit of Government companies and Statutory corporations for the year ended March *(the relevant year)*.

The accounts of Government Companies (including companies deemed to be government companies as per the provisions of the Companies Act ) are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act 1956. The accounts certified by the statutory Auditors (Chartered Accountants) appointed by the Comptroller and Auditor General under the Companies Act are subject to supplementary audit by officers the CAG and the CAG gives his comments or supplements the reports of the Statutory auditors. In addition, these companies are also subject to test audit by the CAG.

Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by CAG for laying before Parliament/State Legislature of *(as applicable)* under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

*(Reference may be made to the corporations and authorities who accounts stipulate that they come under the ambit of sole audit of CAG, if applicable)*

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period *(relevant financial year)* as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; matters relating to the period subsequent to *(relevant financial year)* have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

***Applicable to reports dealing exclusively with PSUs***

## DRAFT PREFACE

This Report for the year ended March *(the relevant year)* has been prepared for submission to the President/Governor of *(Name of state)* under Article 151 of the Constitution of India.

This Report of the Comptroller and Auditor General of India contains the results of performance/compliance audit of *(subject matter)* in *(period covered in the audit)*.

The instances mentioned in this Report are those, which came to notice in the course of test audit for the period *(relevant financial year)* as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; matters relating to the period subsequent to *(relevant financial year)* have also been included, wherever necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Audit wishes to acknowledge the cooperation received from *(the Department)* at each stage of the audit process.

***Applicable to stand alone reports***



## DRAFT PREFACE

1. This report has been prepared for submission to the Governor of **(Name of State)** under Article 151 of the Constitution.
2. Chapters I and II of the Report contain audit observations on matters arising from examination of Finance Accounts and Appropriation Accounts respectively, of the State Government for the year ended 31 March **(relevant year)** information has been obtained from the Government of **(as applicable)** wherever necessary.
3. Chapter III on 'Financial Reporting' provides an overview and status of the State Government's compliance with various financial rules, procedures and directives during the current year.
4. The Report containing the findings of performance audit and audit of transactions in various departments and observations arising out of audit of Statutory Corporations, Boards and Government Companies and the Report containing observations on Revenue Receipts are presented separately.

***Applicable to State Finance Report.***