

AUDIT OF PSU_s

INTRODUCTION

- Public Sector Undertakings (PSUs) are owned/controlled by Central or State Government.
- Play key role in socio-economic development of India.
- Operate across core sectors such as energy, telecom, power, steel, transport, etc.
- Government companies: $\geq 51\%$ shareholding by government (Companies Act, 2013).
- Audit ensures accountability, transparency and efficient use of public funds.

ROLE OF THE CAG

- Audit of PSUs is conducted under the supervision of the CAG through statutory auditors and review mechanisms.
- Appoints statutory auditors of government companies.

May conduct:

- Supplementary audit
- Test audit
- Comment/supplement audit reports

TYPES OF AUDIT

1. Financial Audit

- Opinion on true & fair view of financial statements.

2. Compliance Audit

- Checks adherence to laws, rules & regulations.
- Includes regularity and propriety.

3. Performance Audit

- Evaluates economy, efficiency & effectiveness.
- Focus on value for money and achievement of objectives.

AUDIT OF GOVT COMPANIES (COMPANIES ACT 2013)

- Auditors appointed by CAG (Sec 139(5), 139(7)).
- CAG gives directions for audit (Sec 143(5)).
- Supplementary audit within 60 days (Sec 143(6)).
- Right to conduct test audit (Sec 143(7)).
- CAG comments placed before AGM with audit report.

PERFORMANCE AND PROPRIETARY AUDIT

Performance Audit

- Evaluates economy, efficiency, and effectiveness in the use of resources.
- Ensures value for money in public expenditure and operations.
- Contributes to improved accountability and better decision-making by management.

Propriety Audit

- Examines financial prudence and whether actions are in the public interest.
- Ensures that expenditure is not wasteful, extravagant, or improper.
- Focuses on ethics, economy, fairness, and responsible use of public funds.
- Generally embedded within compliance audit rather than standalone classification

Audit Reports & Parliamentary Control

- C&AG audit reports are submitted to Parliament/State Legislature.
- They are examined by financial committees:
 - Public Accounts Committee
 - Committee on Public Undertakings
 - Estimates Committee (reviews expenditure efficiency)
- This scrutiny promotes financial discipline and corrective action.
- Public audit functions as an instrument of accountability and governance improvement.