Accounts & Audit

Accounting → art of recording, classifying & summarising transactions, wholly or in part of a financial nature, in terms of money, and interpreting the results thereof.

Auditing → examination of the books, records & procedures of an organisation to ascertain or to verify the facts w.r.t the organisation's financial position & financial operations.

Types of Accounting Systems

1) Double entry book keeping → every item of expenditure is entered at 2 places. → with operating service and with Accounts Office or Controlling Officer

2) Cost Accounting : determination of inclusive costs per unit. e.g. in PWD

3) Cash System : records transaction only when cash has actually been received or ~~transferred~~ disbursed. No info regarding accrual of assets and liabilities but gives data regarding liquidity alone. Simple

4) Accrual Accounting System : records transactions at the time the commitment is made. Right to a receipt or obligation to make a payment is established (or accrues). Followed in France. Here also 48 ULBs in 17 states have switched to this sys.

Types of Audit

- Audit of accountancy → detect errors in accounts
- " " authority — authority to spend
- " " appropriation — intended purpose
- " " propriety — extravagance, waste

Reforms in Govt. Accounting

- 12th FC reco - 2004 - accrual based accounting
- 13th FC → advocated cautious "bubble up" approach ⇒ local bodies first
- National Municipal Accounting Manual prepared
- 48 ULBs, in 17 states → ABA
- 2nd ARC → try initially in commercial undertakings train accounting personnel in ABA, draw road map for transition, align plan, budget and accounts, create viable robust transparent financial information system.

// CAG → watchdog and conscience keeper of the nation //
Read CAG, PAC & Estimates Committee

Public Policy

~~Models of policy making~~