

Question Paper

Maximum Marks: 100 marks

Note: Question 1 to 65 carries one marks and all of them are to be attempted.

Question 66 to 72 are of 5 marks and five out of these seven are to be attempted

Question 73 and 74 are of 10 marks. One out of these two case studies are to be attempted

1. Which of the following functions is NOT performed by Controller General of Accounts?
 - a. Certification of Union Government Annual Accounts
 - b. Reconciliation of cash balances of the Union Government with Reserve Bank of India
 - c. General principles of Government Accounting
 - d. Administration of Central Government (Receipt and Payment Rules)
2. Which of the following functions is included in the sectoral classification of General Services in List of Major and Minor Heads of Accounts?
 - a. Energy
 - b. Transport
 - c. Police
 - d. Rural Development
3. Which of the following statements is correct about recording of transactions in Government Account?
 - a. Voucher date will be date when the payment file is digitally signed by the final signatory. Voucher will be accounted for in the PAOs ledger account in the month according to the voucher date
 - b. All receipts of the Government are debited to Government Account
 - c. All payments are credited to Government Account
 - d. All of above
4. The receipt of revenue in the Banks is recorded in the Government Accounts by:
 - a. Crediting Receipt Head of Account
 - b. Debiting Public Sector Bank Suspense
 - c. Both (a) and (b)
 - d. Neither (a) nor (b)
5. Which of the following statement(s) is correct about payment transactions in Government Accounting?
 - a. On receipt of Bank scroll the Public Sector Bank Suspense Heads is credited
 - b. On receipt of Put Thru statement the Reserve Bank Deposit Suspense Head is credited
 - c. Wrong debits are corrected by Minus Debiting the concerned head of account
 - d. All of the above
6. Which of the following statements is correct regarding accounting of receipt transactions in Government?
 - a. Non-Tax Receipts can be paid through Non-Tax Receipt portal of Government of India

- b. All Tax and Non Tax Receipts are accounted with 15 digit accounting classification
 - c. Non-Tax receipts paid through NEFT/RTGS is recorded by crediting receipt head and corresponding debit to Reserve Bank Deposit Head
 - d. All of the above
7. Appropriation Accounts are:
- a. Prepared at Object Head Levels
 - b. Prepared Annually
 - c. Having separate columns for Revised Statements
 - d. All of the above
8. Which of the following statements is correct about Union Government Finance Accounts?
- a. The Finance Accounts are prepared by Controller General of Accounts (CGA) for Central Civil Ministries
 - b. The Appropriation Accounts are prepared by CGA for Central Civil Ministries
 - c. Both (a) and (b)
 - d. Neither (a) nor (b)
9. Union Government Finance Accounts:
- a. Contains a statement of Guarantees issued by Government of India
 - b. Prepared at Minor Head level
 - c. Both (a) and (b)
 - d. Neither (a) nor (b)
10. Which of the following is True about Union Government Finance Accounts
- a. Statement one is Summary of Transactions
 - b. Statement Two shows borrowings of Government of India
 - c. Statement Three shows Loans and Advances of Government of India
 - d. All of the above
11. Statement Number 5 of Union Government Finance Accounts shows:
- a. Summary of Balances representing the cumulative result of all transactions
 - b. Government Guarantees
 - c. Both (a) and (b)
 - d. Neither (a) nor (b)
12. State Government Accounts are compiled by:
- a. State Treasuries
 - b. State Accountant Generals
 - c. Controller General of Accounts
 - d. All of the above
13. How many statements are there in State Government Finance Accounts?
- a. 16
 - b. 17
 - c. 22
 - d. 11
14. Which of the following is NOT a part of the State Government Finance Accounts?
- a. Certificate by C&AG

- b. Certificate by Controller General of Accounts
 - c. Statement of Guarantees by State Governments
 - d. Statement of Borrowings and other Liabilities
15. Which of the following is NOT a source of initial accounts of the State Government?
- a. District Treasuries
 - b. Pay and Accounts Offices of the State Government
 - c. PWD Divisions of the State
 - d. C&AG Office
16. Which of the following statements is correct about Missing Vouchers for State Government Accounts?
- a. If defects, e.g., missing vouchers, wanting schedules in respect of deductions to be accounted for by Account Compiling Sections of this office, etc. are noticed during the counting, the Treasury Officer as well as Director of Accounts and Treasuries should be addressed for taking remedial measures so that the defects do not recur in future.
 - b. In the case of major defects in the accounts or bulk of the vouchers/ schedules found missing, the accounts should not be acknowledged unless omissions are supplied.
 - c. Both (a) and (b)
 - d. Neither (a) nor (b)
17. The checks exercised on the vouchers in the offices of the State Accountant General include:
- a. That the details work up to the totals and that the totals are in words as well as figures
 - b. that they bear a pay order signed by the Treasury Officer in the case of vouchers paid at treasuries or by the responsible Disbursing Officer in case of other vouchers.
 - c. That the classification noted on the vouchers is correct
 - d. All of the above
18. Appropriation Accounts of the State Governments depict:
- a. Depicts expenditure with respect to Budget Grants Voted by State Legislature
 - b. Savings and Excess with respect to budget provision
 - c. Both (a) and (b)
 - d. Neither (a) nor (b)
19. Ways and Means Advances are:
- a. Facility/Advance extended by RBI to maintain minimum liquidity with the State Government
 - b. Loans given by State Public Sector Units
 - c. Loans Given by Central Public Sector Unit
 - d. All of the above
20. Source and Application of Funds Statement of the State Governments shows:
- a. Revenue Surplus/Deficit
 - b. Fiscal Surplus/Deficit
 - c. Decrease/Increase in Balances of Public Accounts

- d. All of the above
21. State Revenue receipts comprises of:
- a. Taxes Collected by the States
 - b. State's share of Tax collected by Union Government
 - c. Grants in Aid received from Union Government
 - d. All of the above
22. In State Government Appropriation Accounts the excess and savings of expenditure are depicted in which Column of the Accounting Statement?
- a. Column 4
 - b. Column 3
 - c. Column 2
 - d. Column 1
23. Which of the following is NOT a Constitutional Body?
- a. Controller and Auditor General of India
 - b. Controller General of Accounts
 - c. Finance Commission
 - d. Election Commission
24. Statutory Bodies are:
- a. Constitutional Bodies
 - b. Established by Acts of Parliament or State Legislature
 - c. Both (a) and (b)
 - d. Neither (a) nor (b)
25. Which of the following is NOT a Statutory Body
- a. Union Public Service Commission
 - b. National Human Rights Commission
 - c. National Law Commission
 - d. National Green Tribunal
26. Which of the following statements is Correct about the Regulatory Bodies?
- a. Is a public authority or a government agency which is accountable for exercising autonomous authority over some area of human activity in a regulatory or supervisory capacity.
 - b. Is established by legislative act in order to set standards in a specific field of activity, or operations, in the private sector of the economy and to then implement those standards.
 - c. Both (a) and (b)
 - d. Neither (a) nor (b)
27. Which of the following is a regulatory body?
- a. Competition Commission of India
 - b. Security and Exchange Board of India
 - c. Reserve Bank of India
 - d. All of the above
28. Autonomous Bodies are:
- a. Set up only under the Constitutional Provisions

- b. Set up whenever it is felt that certain functions need to be discharged outside the governmental set up with some amount of independence and flexibility without day-to-day interference of the Governmental machinery
 - c. Both (a) and (b)
 - d. Neither (a) nor (b)
29. Which of the following is an Autonomous Body?
- a. Indian Institute of foreign Trade
 - b. National Commission for Minorities
 - c. National Law Commission
 - d. All of the above
30. The Report of the Committee on Financial Statements of Autonomous Bodies recommended the following:
- a. Cash Based Accounting
 - b. Uniform Format for Financial Reporting
 - c. No provision for Depreciation was permitted
 - d. All of the above
31. With regards to the audit of Autonomous Bodies/Authorities by C&AG which of the following statements is correct?
- a. Where any body or authority is substantially financed by grants or loans from the Consolidated Fund of India or of any State / UT the CAG shall, subject to any law audit all receipts and expenditure of that body or authority
 - b. Section 14 of the Comptroller and Auditor Generals (Duties, Powers and conditions of Service) Act, 1971 deals with the audit of receipts and expenditure of bodies or authorities *substantially financed* from Union or State Revenue.
 - c. Both (a) and (b)
 - d. Neither (a) Nor (b)
32. The model form of accounts of Panchayati Raj Institutions and Urban Local Bodies is prescribed by:
- a. Secretary (Expenditure)
 - b. Comptroller & Auditor General
 - c. Controller General of Accounts
 - d. Niti Ayog
33. State Government Accounts would be caused to be laid in State Legislature by:
- a. Governor
 - b. Chief Minister
 - c. Finance Secretary
 - d. All of the above
34. Constitution of Municipalities, Nagar Panchayats, Municipal Councils etc. is done by Governor of the State considering which the following factors?
- a. Population
 - b. Economic Importance
 - c. Revenue Generating capacity
 - d. All of the above

35. The recommendation of Task Force constituted to recommend accounting and budget formats for Urban Local Bodies included:
- Budget formats with codification to be adopted uniformly by all ULBs
 - Significant accounting principles to be followed by the ULBs shall be given as a separate schedule forming part of the accounts
 - Both (a) and (b)
 - Neither (a) nor (b)
36. Which of the following is Correct about National Municipal Accounting Manual (NMAM)?
- Maharashtra Accounting Manual was taken as starting point for NMAM
 - NMAM was introduced in 2010
 - Both (a) and (b)
 - Neither (a) nor (b)
37. Codification Structure and Chart of Accounts have been explained in which part of National Municipal Accounting Manual?
- Part I
 - Part II
 - Part III
 - Part IV
38. Municipal Accounting Reforms aims at which of the following Financial Reforms?
- Improved asset liability management
 - Improved expenditure management
 - Maximization of Revenue Collections
 - All of the above
39. Which of the following is NOT correct for Municipal Accounting Reforms?
- Accounting reforms is a continuous process
 - These are standalone exercise with no linkage to other processes/reforms
 - Accounting reforms need to be backed up by Budgeting, Auditing and other reforms
 - Reforms need to be planned and taken up with defined milestones
40. Forms 1-29 for Accounting of Municipalities brings out the following:
- These are proforma in which data related to asset and liabilities are to be captured
 - These forms are useful for preparing opening Balance Sheet of Urban Local Bodies
 - Both (a) and (b)
 - Neither (a) nor (b)
41. Which of the following Forms for Accounting of Urban Local Bodies would be given by Engineering Department?
- Vehicles
 - Plant and Machinery
 - Furniture
 - All of the above

42. Period end requirements have been specified in which part of Municipal Accounting Reforms?
- Part I
 - Part II
 - Part III
 - Part IV
43. Identify the correct sequence of events for quantification of data for finalization of opening Balance Sheet of Municipalities?
- Accounts Officer to Validate the completeness/general accuracy of data
 - Preparation of Form 1-29 by respective HODs
 - Record Data in Draft/Opening Balance Sheet
- I-II-III
 - II-I-III
 - III-I-II
 - III-II-I
44. Which of the following statements is NOT correct about the closing Balance Sheet?
- Adjustment to opening Balance Sheet is not permitted
 - Proper disclosure of Accounting Policies is required to be made
 - Endorsement of Commissioner should be obtained on completion of Balance Sheet
 - All of Above
45. Which of the following is not accomplished by having sound Internal Controls in the Government?
- Strengthen public accountability
 - Opportunity for fraud
 - Achievement of established objectives
 - Responsive and quality service to community
46. Which of the following is a factor in the Control Environment?
- Segregation of duties
 - Information processing
 - Performance reviews
 - Management's philosophy and operating style
47. Which of the following most likely would not be considered an inherent limitation of the potential effectiveness of internal control?
- Incompatible duties
 - Management override
 - Mistakes in judgment
 - Collusion among employees
48. Which of the following is the best way to compensate for the lack of adequate segregation of duties In a small organization?
- Disclosing lack of segregation of duties to the external auditors during the annual review
 - Replacing personnel every three or four years
 - Requesting accountants to pass a yearly background check

- d. Allowing for greater management oversight of incompatible duties
49. Management philosophy and operating style most likely would have a significant influence on entity's control environment when?
- The internal auditor reports directly to management
 - Management is dominated by one individual
 - Accurate management job description delineate specific duties
 - C&AG oversees the financial reporting process
50. In obtaining understanding of an entity's internal control, an auditor is required to obtain knowledge about the

	Operating Effectiveness of controls	Design of Controls
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- | | |
|--------|-----|
| a. Yes | Yes |
| b. No | Yes |
| c. Yes | No |
| d. No | No |

51. Which of the following is NOT involved in preparation of Outcome Budget?
- The concerned Ministry
 - Ministry of Finance
 - Niti Ayog
 - Comptroller and Auditor General of India
52. Which of the following statement is True about Public Accounts Committee?
- The Public Accounts Committee is constituted every year
 - It consists of not more than 22 members
 - Both (a) and (b)
 - Neither (a) nor (b)
53. Which of the following statements is NOT correct about Committee on Public Undertakings?
- The Chairman is appointed by the Speaker from amongst the Members of the Committee
 - The term of the Committee does not exceed one year
 - If a Member after his election to the Committee is appointed a Minister, he continues to be a Member of the Committee from the date of such appointment.
 - The Committee on Public Undertakings is a Parliamentary Committee consisting of 22 Members
54. Which of the following statement is correct about Estimates Committee?
- The committee consists of 22 members, elected by the Lok Sabha
 - Functions of Committee includes suggesting alternative policies in order to bring about efficiency and economy in administration
 - The chairperson is appointed by the Deputy Chairman of Rajya Sabha from among its members
 - All of the above
55. The objectives of Fiscal Responsibility and Budget Management Act 2003 includes:
- institutionalize financial discipline
 - reduce India's fiscal deficit

- c. improve macroeconomic management
 - d. All of the above
56. Which of the following is the function of Pay and Accounts Officer of the Postal Department?
- a. Accounting and Audit
 - b. Pension and New Pension Scheme
 - c. Bank reconciliation
 - d. All of the above
57. Which of the following is a correct statement regarding Core System Integration of Department of Posts?
- a. Facilitates real time monitoring
 - b. Facilitates availability of monthly, quarterly and annual reports
 - c. Both (a) and (b)
 - d. Neither (a) nor (b)
58. Which of the following is not a component of COSO Internal Control Framework?
- a. Control Environment
 - b. Financial Management
 - c. Information and Communication
 - d. Monitoring and Evaluation
59. COSO framework has been designed for establishing the Internal Controls in the system and helps which of the following in designing and evaluating systems:
- a. Management
 - b. External Auditors
 - c. Internal Auditors
 - d. All of the above
60. Which of the following activities is required for effective design of controls and represents Segregation of Duties?
- a. Authorization of transactions
 - b. Recording of transactions
 - c. Custody of assets
 - d. All of the above
61. Which of the following statement is NOT true about Internal Control System in an organization?
- a. It provides absolute assurance regarding functioning of the system
 - b. Limitations exist in the internal control systems
 - c. Both (a) and (b)
 - d. Neither (a) nor (b)
62. Which of the following types of control activities are identified for an organization?
- a. Preventive Controls
 - b. Detective Controls
 - c. Both (a) and (b)
 - d. Neither (a) nor (b)
63. Risk assessment procedures are performed by auditors with the following objectives?
- a. Understanding the entity Business

- b. Understanding its Internal Controls
 - c. Understanding its environment
 - d. All of the above
64. Which of the following is NOT used to document the internal controls in an organization?
- a. Flowcharts
 - b. Internal control Questionnaires
 - c. Both (a) and (b)
 - d. Neither (a) nor (b)
65. Audit Risk is a function of which of the following?
- a. Inherent Risk
 - b. Control Risk
 - c. Detection Risk
 - d. All of the above

Answer any five questions in brief

66. Write a short note on compilation and consolidation of Central Government (Civil) Appropriation Accounts?
67. Explain briefly the following:
- a. Broadsheet for Debits and Credits
 - b. Departmental Classified Abstract
68. Describe Constitutional Bodies and Statutory Bodies.
69. Explain Output-Outcome Framework for preparation of Outcome Budget for the Ministries/ Department.
70. Explain briefly the Internal Control Framework given by Committee of Sponsoring Organization (COSO).
71. Write a brief note on the scope, coverage and preparation of Union Government Finance Accounts.
72. Explain briefly Non Tax Receipt Portal (NTRP) and its benefit to the citizens.

Case Study: Attempt one out of two case studies given below:

73. A software system was developed with a mandate to provide a financial management platform for all plan schemes a database of all recipient agencies, integration with core banking solution of banks handling plan funds, integration with State Treasuries and efficient and effective tracking of fund flow to the lowest level of implementation for plan scheme of the Government. This web-based application was expected to improve financial management system of the Government and bring Accounting Organization as a key for Government financial management system.

Fraudulent payment was affected through two Accounts Offices of Ministry X. A total amount of R 4.00 crores involving 18 payments were processed by two Accounts Offices of which 10 were successful with the amounts getting credited into the payee's bank accounts and eight payments were stopped by alerting banks.

The fraudster got into the system by creating fake email ids of the Government mail. The process of creation of email ids required verification of the form requesting email id by the coordinator from the technology partner of Government of India. Fraudster used id xyz.gov@gmail.com. The coordinator did not examine the details of the proposal and granted approval to the email id considering that it is a .gov mail id and so should be an authentic one.

The accused then used .gov email id and sent a request to Coordinating Accounts Officer in Headquarters of M/o X for creation of a user id Accounts Office under Accounts Office YY. This user id was approved by the Accounts Officer by a computer with I.P. address of A installed in Room Number XX in Nirman Bhawan housing the compilation section of the Principal Accounts Office.

The approval of this id was done by using the login id of Coordinating Accounts Officer B by Mr. C as the login id and password for the Pr. AO was shared by B with Assistant Accounts Officer D who in turn had shared with Mr. C. It was stated in statements made by B and C that the sharing of password was done to meet exigencies of work such as for generation of reports and was a practice going on in the office for quite some time.

The accused used this id to create and approve ids of Drawing and Disbursing Officers (DDOs), Program Division (PDs) and pushed fake bills in the system. The id approved by the Coordinating Accounts Office as brought out above was mapped with PAO YY and this was used to get into the bill processing flow of Accounts Officer YY.

The fraudster was able to push these payment claims in the list of passed bills of a regular Accounts Officer through the access acquired. The Accounts Officer was required to check the electronic bill with physical bill before affixing his digital signature. However, this was not done and the Accounts Officer passed the bill and payments were made.

Key Issues Emerging Out of the Case:

1. Operating into a computerized environment brings out a challenge for the organization in ensuring that the controls built in the system are not compromised and adequate attention is given while carrying out the sensitive work related with processing of Government payments and accounting.

2. The skill sets required for handling a function needs to be adequately assessed at the supervisory levels before assigning personnel for work.
3. The need to balance the handling of work exigencies with compromises in control.

Understanding the processes holistically so as to get the adequate knowledge of implications associated with the processing at each stage in the system

- (I) Identify the breaches in internal controls which led to these fraudulent payments.
- (II) Suggest measures to improve the internal controls in the system

74. Ministry X was running a scheme A which was implemented through an attached organization Y operating under the Ministry. The scheme had various components which envisaged procurement of Goods and Services. The powers delegated to the Head of the attached organization was Rs. 10 lakhs for procurement of computer. A review was undertaken by the Ministry for the procurements made under the scheme and it emerged that the organization Y had undertaken 27 computer procurements of which 22 were of the value of Rs. 9 to 10 lakhs and 18 of them were between Rs. 9.9 to 10 lakhs. It appeared that the procurements were split to bring them within the sanctioning powers of the Head of the organization. The organization responded by saying that all these were urgent procurements and therefore had to be taken at the organizational level as the next level of approval would have required additional processing time in the Ministry which would have led to delays in urgent requirement of the organization having national importance.

The review further indicated the procurements were made by following due procedure and no deviations were found. The organization had made transparent procurement to take care of the urgent requirement of the organization which had national importance.

- a. Was organization right in splitting the sanction and bringing it within the sanctioning powers of Head of the organization?
- b. What would be appropriate action on part of the Ministry i.e., whether to take action against the head of the organization or enhance delegation of head of organization so that urgent requirements may be taken care of?
- c. How do you perceive delegation of financial power related to the scrutiny of a proposal?

Answers

1. (a)
2. (c)
3. (a)
4. (c)
5. (d)
6. (d)
7. (b)
8. (b)
9. (c)
10. (d)
11. (a)
12. (b)
13. (c)
14. (b)
15. (d)
16. (c)
17. (d)
18. (c)
19. (a)
20. (d)
21. (d)
22. (a)
23. (b)
24. (b)
25. (a)
26. (c)
27. (d)
28. (b)
29. (a)
30. (b)
31. (c)
32. (b)
33. (a)
34. (d)
35. (c)
36. (a)
37. (a)
38. (d)
39. (b)
40. (c)

- 41. (b)
- 42. (c)
- 43. (b)
- 44. (a)
- 45. (b)
- 46. (d)
- 47. (a)
- 48. (a)
- 49. (b)
- 50. (b)
- 51. (d)
- 52. (c)
- 53. (c)
- 54. (b)
- 55. (d)
- 56. (d)
- 57. (c)
- 58. (b)
- 59. (d)
- 60. (d)
- 61. (a)
- 62. (c)
- 63. (d)
- 64. (d)
- 65. (d)

66. Appropriation Accounts means the accounts which indicate the expenditure (both Voted and Charged) of the Government for each financial year compared with the amounts of voted grants and charged appropriations for different purposes, as specified in the Schedules appended to the Appropriation Act passed by Parliament. Appropriation Accounts are prepared in four stages. Under the departmentalised system of accounting, the Secretary of each Ministry/Department acts as the Chief Accounting Authority and is finally responsible to approve and sign the Head wise Appropriation Accounts of grants/appropriations administered by his Ministry/Department. Appropriation Accounts are prepared at Sub Head level.

In Column 1- deals with the Original (indicated by letter 'O'), Supplementary (letter 'S'), Demand for Grants as Voted and Charged on the Consolidated Fund. The provision and actual expenditure on Plan and Non-Plan are totaled up under each sub-head and reflected as a single figure. Re-appropriation of funds from one head to another head within Revenue Section or within the Capital Section is indicated by letter 'R' or '-R'. The 'O', 'S' and 'R' are indicated separately in Column-I.

- **Column-2-**indicates the total grant or appropriation i.e. the sum total of 'O', 'S' and 'R'.

- **Column-3-** indicated the actual expenditure incurred during the year as obtained from the annual accounts.
- **Column-4-** indicates the excess expenditure (as compared to total grant or appropriation as (+) and saving as (-) between the figures of column (2) and (3).

67. (a) **Broadsheet for Debits and Credits:** The Departmental Accountant will maintain a Broadsheet of debits and credits in the prescribed form. The original entries in the Broadsheet should be posted monthly from the schedule of receipts and the second schedule of payments of each treasury, and from the suspense slips representing items transferred from other sections. The adjusting entries, which will be minus credits or minus debits, should be posted from the Departmental Abstract.

(b) **Classified Abstract:** From the compilation sheets the totals against each detailed head are posted against the respective treasuries in the 'Departmental classified Abstract of Payments'. Similarly, the receipts or expenditure items received through settlement account are also dealt with in the manner indicated above. The Departmental Classified Abstracts thus bring together the monthly receipts and payments pertaining to each department for the whole account circle classified under the relevant major, minor and detailed heads of account.

68. Constitutional bodies are important bodies in India that derive their powers and authorities from the Indian Constitution.

- They are specifically mentioned in the Constitution, meaning they have dedicated articles.
- Any change in the mechanism of these bodies would require a constitutional amendment.
- Important bodies such as the Finance Commission, the UPSC, the Election Commission, the CAG, National Commissions for SCs and STs, etc. are constitutional bodies.

Statutory bodies are established by acts which Parliament and State Legislatures can pass. They are organisations of government which are not demarcated in Constitution of India but they get their powers, service rules, authority by an act of Parliament or State Legislatures. They are generally established to perform specific functions which a government considers effectively performed outside a traditional departmental executive structure.

69. Since 2017-18, in addition to the financial outlays of schemes of the Ministries being indicated in the Budget document, the expected outputs and outcomes of the schemes are also being presented in a consolidated Output Outcome Budget document, along with the Budget. These Outlays, Outputs and Outcomes are being presented to the Parliament in measurable terms, bringing-in greater accountability

for the agencies involved in the execution of government schemes and projects. Outlay is the amount that is provided for a given scheme or project in the Budget. Output refers to the direct and measurable product of program activities, often expressed in physical terms or units. Outcomes are the collective results or qualitative improvements brought about in the delivery of these services.

Outcome budget is a performance measurement tool that helps in:

- Better service delivery
- Decision-making
- Evaluating programme performance and results
- Communicating programme goals
- Improving programme effectiveness
- Make budgets cost effective
- Fix accountability
- Aid better scheme management

70. In 1992 the Committee of Sponsoring Organizations (COSO) released its Internal Control—Integrated Framework (the original framework). It is recognized as a leading framework for designing, implementing, and conducting internal control and assessing the effectiveness of internal control.

COSO updated Internal Control—Integrated Framework (Framework). To enable organizations to effectively and efficiently develop and maintain systems of internal control that can enhance the likelihood of achieving the entity's objectives and adapt to changes in the business and operating environments.

Components of Internal Control

a. Control environment: It sets the tone of the Ministry and includes integrity, ethical values of the individuals and of the Ministry as a whole.

b. Risk assessment: It is the process of identifying and analysing relevant risks, which threaten achievement of objectives and determining the appropriate response.

- Elements of risk assessment are
 - risk identification,
 - risk evaluation (assessing the likelihood and significance of the risk and then categorising the risk as High, Medium or Low)
 - risk mitigation or
 - risk acceptance (understanding and defining the level of risk the Ministry/Department is able to live with).

c. Control activities: • Preventive Controls (prevent a risk from occurring – e.g. barring entry of unauthorized personnel in Government offices, segregation of duties, limiting access to sensitive information) and • Detective Controls (controls that help to discover inaccuracies, misconduct etc.– e.g. preparing bank reconciliation statements, monitoring and supervision etc).

d. Information and communication: For controls to function effectively, Ministry/Department must receive feedback about control activities in a timely, reliable and also in a gender sensitive manner. Hence, communication should flow down, across and up the Ministry/Department, through all components and the entire structure.

e. Monitoring: The internal control system should also be monitored through a well designed process of review to ensure that it functions in an optimal manner. Monitoring activities normally comprise ongoing monitoring activities and/or separate evaluations.

71. The Finance Accounts of the Central Government comprises of the accounts of the Central Government as a whole and includes transactions of Civil Ministries/Departments, Ministries of Defence and Railways and the Departments of Posts & Telecommunication.

The Finance Accounts has 17 statements bringing out overall Government's financial position.

It presents the accounts of receipts and outflows of the Central Government for the year together with the financial results disclosed by different accounts and other data coming under examination.

These accounts include the Revenue and Capital Account, Public Debt account and other liabilities and assets worked out from the balances in the accounts.

The Finance Accounts is an Auditor's presentation of the general accounts of the Government to the Parliament.

72. Non-Tax Receipt Portal (NTRP) is the initiative of O/o CGA which adheres to Digital India Vision of Government of India.

One stop service to depositors of fees/user charges for services, contributions, fines, etc. into the Government Account.

The system retains the existing system of "one PAO – one Accredited Bank" for receipts and facilitates integration of scrolls with Government Accounting system. It facilitates online payments without any physical paper movement and broadens the option of depositors by providing them a choice of wider range of channels for making deposits.

It facilitates payment through Debit/Credit cards in addition to Internet Banking facilities and NEFT/RTGS to give access to people at their doorstep.

Payment aggregator receives payment details from NTRP and passes on instruction along with relevant MIS to accredited bank.

Accredited bank then credits the Government account of PAO and sends electronic scroll for electronic receipts via NTRP.

73. I. The first breach in internal control was lack of due diligence by the technology partner in allotting the Government email id because this led to lax scrutiny at the later stage.

The second breach of control was sharing of password by the person responsible for approval of user id in the system with subordinate officers.

The third breach of control was lack of adequate due diligence by the official who granted approval of the creation of user id in the system.

The fourth breach of control was Non-Comparison of electronic claim with corresponding physical claim before affixing digital signature.

II. An increased due diligence while performing various functions particularly while granting any approval would improve the system.

Access control in the system needs to be adequately regulated with well defined protocol for granting access.

Regular review of access granted into the system by the supervisory officers.

Regular monitoring of password control and any sharing should be viewed very seriously and appropriate action taken to act as a deterrent for any laxity

Regular review of logs and any attempts for failed logins into the system.

Regular supervisory review of adherence to prescribed protocols before authorizing any payment.

74.(a) The organization was not fully right in splitting the sanctions and making the procurement because the violation of rules in view of larger interest of the organization becomes subjective and may lead to scope of interpretation. It would be difficult to distinguish between bonafide and malafide deviations.

(b) In the instant case, the Ministry should enhance delegations to the Head of Organization as the detailed scrutiny had revealed the presence of urgent requirement for the organization. The head of the organization should be communicated displeasure for deviation from the extant rules. He should have made a case for enhanced delegation rather than unilaterally deciding to find a via media for taking care of the requirement.

(c) Delegation of financial powers stipulates the level of scrutiny required for a particular proposal and should be seen in that context. The delegations are provided to ensure that financial proposals are scrutinized at an appropriate level.