

**STUDY TEAM
ON
REFORMS IN ACCOUNT
AND
ROLE OF AUDIT**

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Chairman

*Study Team on
Reforms in Accounts and
Role of Audit*

GOVERNMENT OF INDIA
ADMINISTRATIVE REFORMS COMMISSION
PATEL BHAVAN, NEW DELHI

September 18, 1967

Dear Shri Hanumanthaiya,

I have the honour to submit the Report of the Study Team on Reforms in Accounts and Role of Audit.

2. We have been asked to locate the principal problem areas in regard to the subjects allocated to the Study Team and suggest possible solutions for their Members of the Commission, in defining the scope of our work and our general approach to it with due regard to the overall aims and objectives of the Commission. It is our hope that our studies will be of some assistance to the Commission in discharging their onerous responsibilities.

3. The accounting system of the Union and State Governments still operates within a framework which was devised many years ago. With a vast expansion in the scope and volume of governmental activities, particularly after independence, and the emergence of a democratic society, a need has often been felt to refashion the accounting patterns and procedures to serve, more adequately, the needs of modern times. We have taken the view that the adequacy of an accounting system should be judged from its ability to serve the needs of Legislature for supervision and control, of Administration for effective and efficient implementation of programmes and of the general public for facility and convenience in their dealings with Government. It has been the endeavour of the Study Team to examine and suggest ways and means of strengthening and, where necessary, modifying the accounting system so as to make it a better instrument for subserving the three-fold objective of accountability, performance and convenience. Towards this end, we have made some practical suggestions for simplification and re-classification of the budgetary accounts, strengthening of the accounting set-up within the administrative agencies and streamlining of the procedures of payments and receipts by Government.

4. With regard to the role of Audit, we have focused our attention mainly on the desirability of promoting better harmony and understanding between Audit and Administration which, in our view, should be regarded as allies in a common endeavour to improve the efficiency and effectiveness of Governmental activities. We have made several suggestions for reorientation of audit principles and procedures with a view to not only aiding and assisting Administration but also to lending more purpose and significance to the concept of accountability to Legislature.

5. On behalf of the members of the Study Team, I would like to record our warm appreciation of the able and unsparing assistance and co-operation offered to us by the Secretary, Shri J. C. Luther. He has applied himself with zeal and initiative to the task of producing informative and analytical staff papers and has made a positive and constructive contribution to the formulation of the Study Team's views. Finally, he has taken a leading part in settling the layout and draft of the Team's Report.

With kind regards,

Yours sincerely,
(Sd.) S. RATNAM

Shri K. Hanumanthaiya,
Chairman,
Administrative Reforms Commission,
New Delhi.

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