

Performance Auditing Ensure Good Governance
(A Case Study of Annual Report of the Auditor General of Nepal)

Submitted By:
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In partial fulfillment of the required for the Degree of
Master in Public Administration (MPA)



त्रिभुवन विश्वविद्यालय
व्यवस्थान संकाय
जन-प्रशासन केन्द्रीय विभाग
जन-प्रशासन क्याम्पस

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काठमाडौं, नेपाल ।

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APPROVAL SHEET

This thesis presented by Ajaya Kumar Sapkota entitled
"Performance Auditing Ensure Good Governance (A Case
Study of Annual Report of the Auditor General of Nepal)"
has been accepted in partial fulfillment of the requirements for the Degree of Public Administration
(MPA).

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Subject: Invitation to be ~~external~~/ internal examiner

~~Dear Sir/ Madam:~~

This is my honor to invite you as ~~an~~ external/internal examiner to evaluate the thesis entitled

submitted by Mr/Ms. *Ajaya Kumari Sapkota* Roll No *250/057* to this Department in partial fulfillment of the requirements for the Degree of MPA. The viva-voce examination has been decided on the following date, time and place. I would like to request you to present in the viva-voce examination with your written comment not exceeding 150 words about the thesis for its improvement. A copy of the thesis is also enclosed with this letter for your perusal. Your cooperation in the matter will be highly appreciated.

Viva Schedule:

Place: Central Department of Public Administration

Date: *2067/7/19 (Friday)*

Time: *11.00 Am.*

Sincerely,

Head
Central Department of Public Administration
Tribhuvan University
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A Word

This report purposed is to fulfillment of the requirement for Degree of Master in Public Administration however, this report is helpful for researcher, student, government, investigator as well as interested parties. Auditor can identify to general principle and approach governing a performance auditing & reporting in good pattern to promoting good governance.

The rule of law and a welfare state (Democratic country) based on an open society where citizens enjoy the right to information, maximum participation of the people, decentralization, inclusion, public entities has good public service deliver system. and credibility, transparency in public fund arising, expenses & other activities, responsiveness in duty & bear accountability, nation security, stakeholder feel ownership in state premises & activities. Auditor general has duty to reporting parliament on the basis of Economy, efficiency Effectiveness & propriety as well as regularity of proper uses of public fund & property. Auditor general office's vision is in depended, effective & efficient audit institution for promote good governance. Therefore we say that Audit activities specially performance audit help to ensure good governance. I have limited scope, time & objective. This report is reach in conclusion that performance audit ensure good governance.

I specially thank to Prof. Dr. Shree Krishna Shrestha for guiding me in preparation of report. Thanks to all professor, lecturer & staff member of public administration college to encourage me to completing report writing. In this movement, I remember my honourable principle of school Let Ratna Bahadur Bajracharya. I sincerely request all readers of this report to suggest me by providing valuable suggestion.

Lastly, good governance has essence to provide public service without harassment or barrier between stakeholder & government & power exercise in the manner of proper uses of economic & social resources for development. Performance audit is to analysis economy, efficiency & effectiveness on those processes & ensure good governance.

Thank you.

Ajaya Kumar Sapkota

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Abbreviation

AG	-	Auditor General
ASOSAI	-	ASIAN organization of supreme audit institution
3E	-	Economy, efficiency & effectiveness
INTOSAI	-	International organization of supreme audit Institutions.

Chapter - I

INTRODUCTION

1.1. BACKGROUND

Audit means examination of the records ledgers books etc. maintain existing laws showing particulars of transaction and other documents substantiating such transaction and the analysis and evaluation made on the basis thereof. Auditing is a process involving the examination of data statement records operations and performance of on auditees for a stated purpose. The full scope of government auditing methods is audit of regularity and performance audit.

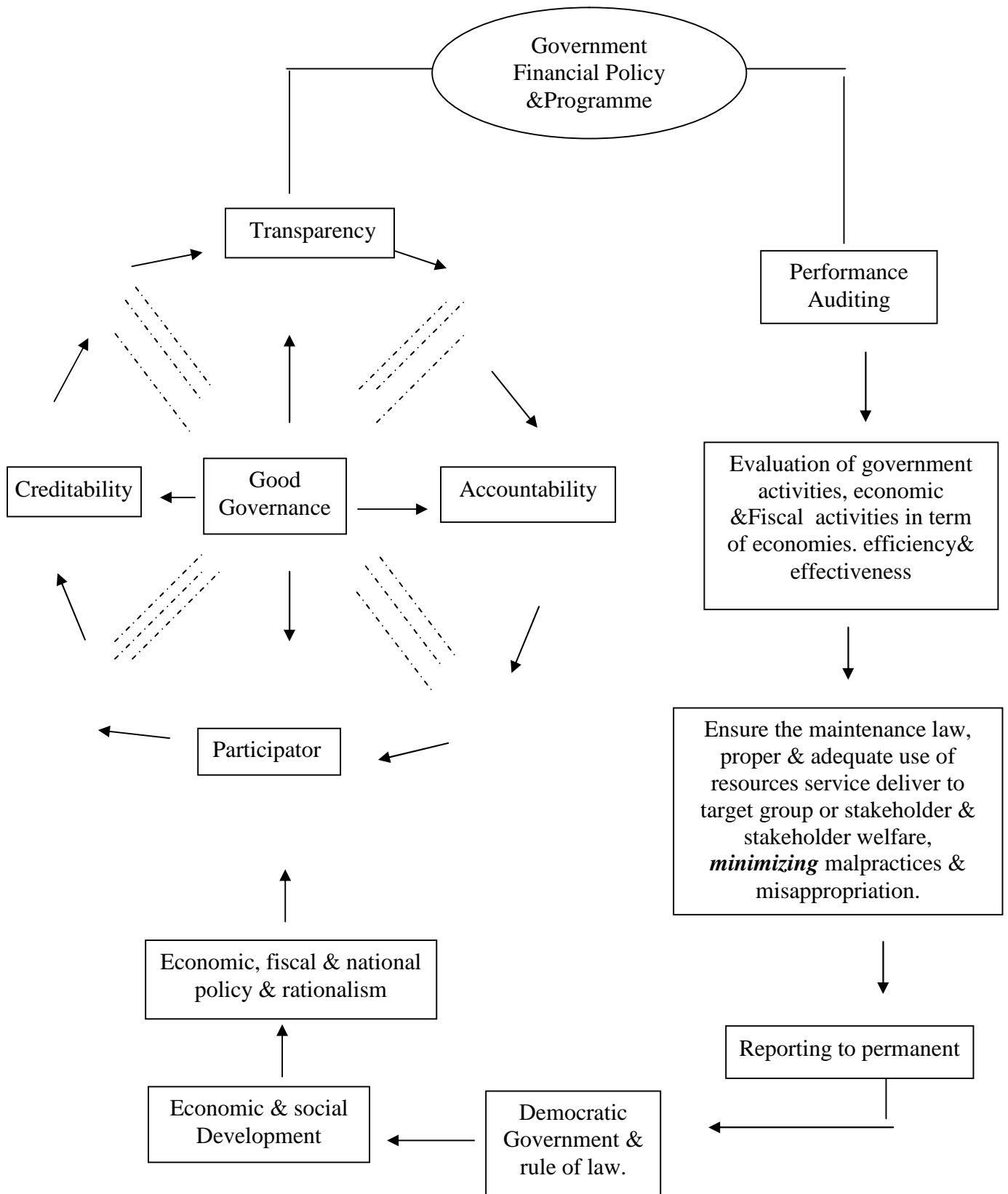
Performance means to accomplishment, achievement, act, carrying out completion conduct. Performance audit is “An audit of the economy, efficiency and effectiveness with which the audited entity uses its resources in carrying out responsibilities. Performance auditing goes beyond the consideration of regularity. It aims to determine to what extent the audited has discharged its financial or other responsibilities, which employ assessment of the auditees operation in terms of the economy in acquiring resources, efficiency in using resources and effectiveness in achieving objectives. “Economy” means the acquisition of appropriate quality and quantity of human, financial, physical and information resources at the appropriate times and at the lowest cost. Efficiency means the use of human, financial, physical and information resource such that the output is maximized for any given set of *resources* inputs or outputs in maximized for any given quantity and quality of output. Effectiveness means the achievement of the objectives or other intended effects of activities. A performance audit assignment may include all/alone or a combination of two aspects of 3Es (Economy, Efficiency, Effectiveness) Regularity and propriety related issues which impact performance may be considered in the conduct of performance audits.

Performance auditing is mandate by Interim constitution of NEPAL 2007 confers on Auditor general the authority to audit "Economy efficiency and effectiveness Article 123(1) of the Interim constitution"... shall be audited by the Auditor general in the manner as determined by laws, with due reconsideration to the regularity, economy, efficiency, effectiveness and the propriety thereof. Section 4 and 5 of Audit Act 2991 provides the matter to be audited considering 3Es & propriety.

Good governance mean “the action or manner of governing” Good governance emphasis accountability, transparency and participation permitted to control various process of arrangement and exercise of authority made in the interest of society and also equitable & judicious exercise of authority (legitimacy), human right, responsiveness, consensus orientation, equity, effectiveness and efficiency, strategic vision inclusion and social justice service delivery and public supremacy. According to world Book, “Good governance is a central to creation and sustaining an environment that fosters an equitable development and it is an essential component of sound economic policies.

Those fundamental elements of good governance is ensure by evaluation, analysis and assessment of economic & fiscal policies & strategies implementation strategies, activities procedure & process of government. Constitution of Nepal given mended to Auditor General to analysis these activities independently, Impartially& Neutrally. Auditor general conduct audit of regularity and value for money audit / performance audit. Through performance audit Auditor General analysis activity comply with existing laws, regulation & the evidence, protection & management of government property & rules; unnecessarily perform function & job duplication time cost quality & progress’s relevancy, objectives-policy-job allocation & management of organization etc.& reporting to parliament through annual report. Auditor General indicates faults & irregularities, abuse of national property & authority

misuses of license of government property & revenue malpractices, misappropriation, inefficiency, misuses of government law & regulation & property and also effectiveness of public service deliver to *stakeholders*. The auditor general submit it's annual *report* including his critical comments and recommendations thereon which makes government to transparent & accountable as well as show credibility & legitimacy to there activities from those activities people or stakeholder feel transparency & participatory role to exercise these authority & public service deliver and encase the good governance through performance auditing.



1.2 Statement of the Problems

For few decades performance auditing developed. All most nation of the world changes approach and system of auditing. Recent Audit is must concentrated in economy efficiency and effectiveness. Performance audit verify uses of available resources with effectiveness and result *oriented* or not good governance is beauty of democratic government and its streams for legitimacy as much as its citizen friendly processes. The attempt is made to show how good governance can be resulted in through a rational arrangement of the business transaction authority coupled with effective accountable structure. Performance auditing promoting good governance with special reference to office of auditor general annual report. Research report, audit standards, books, research paper, finding etc. being related to explain and analysis. Publication by Office of Auditor General, INTOSAI ASOSAI, Publication.

- a) Assessment of economy, efficiency & effectiveness of government activities from policy making to execution; considering Coverage complexity of government entity & availability of skill, knowledge & resources. Efficient human resources, environment, information technology, audit policy standards & strategies, development & direction or financial positions are area to evaluate economy efficiency and effectiveness of organization or not. Audit reach or planning to assessment foundation of good government ensure it.
- b) Physically or mentally measurement of economy efficiency & effectiveness is difficult. It has difficult to get indication specially social sector. What measures & result help to ensure good governance.
- c) Inherent risk (Auditor expected risk) and residual risk (risk at auditing) influence auditor & perform a qualitative assessment of the overall aspect of good governance.

- d) Audit planning, standard, strategies policy, parliament directives rule & regulation, intention about performance auditing, time factor impact in reporting. Reporting promote good governance in those context.
- e) Assurance of reporting on performance is Credible or adequate & help efficiency in auditees organization effectiveness to promote good governance.

The good governance never absolute & reporting of Auditor general is not core collection of past activities but its recommendations & suggestions ensure the good governance.

1.3 Objectivity of the Study

-) To make tradeoff between good governance and the result of annual report (performance auditing) of the Auditor General.
-) To explain the importance of the government agencies to accomplish good governance through Auditor General Performance Auditing report.

1.4 Rational or Important of the Study

This study will use full to the Auditor, Auditees parts of government stoke holder, students, Investigator, Researcher, accommodations, local government as well as the interest parties.

This study will helps the students of public administration and political science to analysis the effectiveness of economic & fiscal policy execution & its effects in good governance.

Auditor can identify to general principle and approach governing a performance auditing & reporting in good pattern to promoting good government in nation.

It is also be very use full to policy & strategies maker & stakeholders.

1.5 Hypothesis

This study will test the following hypothesis (the Hypothesis test are based on test of significance for double mean)

Hypothesis I

Null (Ho):No significance of performance auditing to ensure good governance (by assessment financial & Economic policy implementation)

Alternative (H1): There is significance of performance auditing to ensure good governance (by assessment financial & Economic policy implementation)

Hypothesis II

Null (Ho) : No significance difference between performance audit (economic efficiency & effectiveness) & regular audit to ensure good governance.

Alternative (H1): There is significant difference between conduct performance audit (Economy, Efficiency & Effectiveness) & regular audit to ensure good governance.

Hypothesis III

Null (Ho): These is no associated challenges & probability of risk to ensure good governance through performance auditing.

Alternative (H1): There is associate challenge & probability of risk to ensure good governance through performance auditing.

1.6 Limitation of the Study

This study has follow limitation:

- a) It only focus on study report, books, research finding, data, records, ledgers statement record of OAG (office of auditor general) & other

similar institution publication. Study concern with 5 years performance auditing reporting of OAG.

- b) This study is mainly based on secondary data.
- c) The whole study depends upon the accuracy of published secondary data.
- d) This research has been conducted on the requirement of partial fulfillment of master's degree in public administration.

1.7. Research Mythology

The research is based on analytical of secondary data & informal discussion. It is prepared by both parts of technical aspects & legal aspect on the basis of previous data using both financial and statistical tools. Results & presented in simple way.

Discussion held in 7 place & group. Each consists of 7 to 10 people. Numbers of people are 50 to 70. Group of people are skilled manpower & high management.

1.7.1 Research design: The research design is based on recent historical data. It covers the 5 years period 2061/62 to 2064/65 fiscal years taken as a year period. It deals with performance auditing report on the basis of available information. As the title of the study suggests it is more analytical and descriptive the research has been completed within about 3 months period.

1.7.2 Source of data: The sources of data are as follows.

-) Annual report of Auditor General & other institution report.
-) Bulletins, Booklets, annual report, research finding of above entity & publication.
-) Difference book of performance auditing & annual report of performance auditing of OAG.

1.7.3 Data Collection Procedure

Every research is based on fact & data. We organize and systematic reorder the raw data: then interpretation & analysis it for prove the fact. In this research I analysis 5 years. Report of office of auditor general, publication of

different nation & international journal. Book & research paper, book of different writer & publication of international & Asian Organization of supreme Audit Institution (INTOSAI/ASOSAI). I use secondary data for research. I interpret in analytical form. It is also based on informal discussion to government auditor & audit of Saptari, Bara, Parsa, Udayapur, Doti, Dadeldura&Lalitpur (District Development Committee).

Data for Research

Mainly analysis auditor report & good governance's inter-relationship with performance audit report. Performance auditing's 3 E how to ensure participatory, accountability & transparency, equitable, inclusive & rule of law.

Informal, Discussion how audit report help audit to maintain financial accountability, credibility & execution of economic policies & proper use of public resource.

- i) Do you feel audit promote/maintain of rule of law?
- ii) Do you feel performance audit is needed?
- iii) 3ES analysis of performance Audit ensure of proper use of resources & economic policy execution?
- iv) Accountability, transparency, credibility, participatory to people are maintain through audit?
- v) Performance audit is really & how ensure good governance?

1.8 Structure of Study

This research will be divided into 5 different chapters. They will be as follows:

- Within the first chapter background, purpose of the study, and statement of the problem, significance, limitation and the organization of the study will be presented.
- The second chapter of the research will be reflected the conceptual review and review of related study.

- Mod of good governance financial accountability, annual reports of the Auditor General, Trade off, between good governance and Auditor General's annual reports, statutory mandate, related rules and regulations will be mentioned.
- Presentation and Analysis of the Date – Related date and information will be presented systematically, Similarly, problems and challenged faced will also be stated.
- Summary, Findings and Suggestions – A brief Summary of the research work, findings and suggestions will be cited in this chapter.

In spite of various chapters, bibliography or reference of the research, appendices, acronyms used etc will be included in the research study.

Chapter - II

REVIEW OF LITERATURE

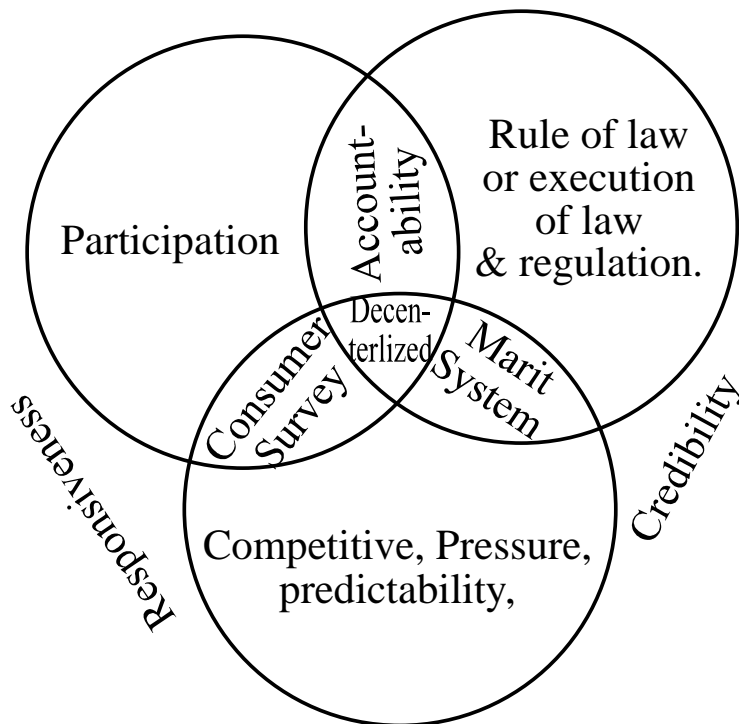
World Bank introduces good governance in 1960-70's decade for underdeveloped country. "Good governance is the combination of good political system & good administration system. We can say good governance as:

- Financial – productive economy
- *Political – Participatory & decentralization / freedom / efficient civil society / rule of law.
- Social - Distributive justice, corruption
- Ethical - Clear / transparent / responsiveness / qualitative & quantitative analysis
- Cultural - Uninterfere
- *Managerial - efficiency & learn government
- Environmental - Sustainable
- Administrative - Accountable, responsible / civil service for public fund.
- *Legal - rule of law.

* BishnuSubedi (New Dimension of Administration Management and Democracy)

Good & service provide to people without harassment minimize by good governance & its refer to minimize barrier between people (client) government (service provider).

Transparency



Good governance is define as political stability, people oriented bureaucracy, independent judiciary, people participation, accountability transparency, sustainable development, inclusive democracy, decentralization, rule of law, meeting of basis needs, adaptation of new technology, predictability, public private partnership (PPP) in Public Service delivery etc.

Good governance is not a less governance but it is a better governance. Equity is also major part of good governance. Governance describes the process of decision making & the process by which decision are implemented delay public institution conduct public affairs, manage public resources & grantee the realization of human right, good governance accomplish this in a manner essentially free of abuse & corruption & with disregard for the rule of law. Good governance means the exercise of direction & control over the actions of citizens and the manner in which power is exercised in the management of country's economic & social resources. Good governance is usually define as accountability of

government transparency, predictability, openness & rule of law in respects of government actions.

Good governance can also be define as the efficiency & effectiveness of government in applying its policies of the national objectives conduct Governance Act 2058 has provision of accountability, freedom & complain committee to ensure and good governance policies of government are strengthening CIAA (Commission of Abuse of Authority), National Vigilance Center, Money laundering, decentralized, monitoring & evaluation, Public audit, hearing & citizen charter, public service delivered by public private partnership, information flow etc.

Present context rule by people for the people by the people & democratic political / ruling system, in which simple efficient, productive, people oriented, result oriented, accountable responsible (answerability), transparency, economic, environment friendly, credibility oriented, fare, rule of law, efficient are merit of good governance.

Good governance is all about the effective management of resources & their equal & equitable distribution to citizen & clients. It focuses not only on what is delivered, introduced or said but also considers how it is delivered & prerequisite for successful partnerships between government, private sector & civil society. It is concentrate on those aspects of good governance that are mostly closely related to our surveillance over micro-economic policies – namely the transparency of government accounts, the effectiveness of public resource management and the stability and transparency of the economic & regulatory environment for private sector activity. Governance is the process whereby public institutions conduct public affairs, manage resources guarantee the realization of human right.

Participation

Participation in governance is people friendly. Information flow on market opportunities, supplies of goods service without monopolistic & oligopolistic power, adequate physical & financial infrastructures which decrease cost, excessive disparities among people who enter the market, & their deficiencies in skill, education, economic assets & access to credit needs participation: civil society participate in plan programme & policy as well as active role play in monitoring evaluation as watch dog.

The principle of participation derives from an acceptance that people are at the heart of development. They are not only the ultimate beneficiaries of development, but are also the agents of development. In the latter capacity, they act through groups or associations (e.g., trade unions, chambers of commerce, NGOs, political parties) and as individuals (e.g., through letters to newspaper editors, participating in radio and television talk shows, voting). Since development is both for and by people, they need to have access to the institutions that promote it (e.g., representative bureaucracies). (www.humandynamics.org)

Participation is often related to accountability, but not necessarily so. In representative democracies, where citizens participate in government through the electorate. This may not be the case, however, in other political systems (although accountability is still important). For all economies, though, the benefits of participatory approaches can be considerable. These include improve performance and sustainability of policies, programs, and projects, as well as enhanced capacity and skills of stakeholders.

At the grass roots level, participation implies that government structures are flexible enough to offer beneficiaries, and others affected, the opportunity to improve the design and implementation of public programs and projects. This increases "ownership" and enhances results. At a different level, the effectiveness of policies

and institutions impinging on the economy as a whole may require the broad support and cooperation of major economic actors concerned. To the extent that the interface between public agencies and the private sector is conducive to the latter's participation in the economy, national economic performance (comprising the combined contributions of the public and private sectors) will be enhanced.

Participation in economic life by agents other than the state would cover not only the role of the private sector, but also the activities (growing in recent times) of non government organizations means of channeling the energies of private, citizens. They can be helpful in identifying people's interests, mobilizing public opinion in support of these interests, and organizing action accordingly. Being close to their constituents, NGO can provide governments with a useful ally in enhancing participation at the community level and fostering a "bottom-up" approach to economic and social development.

Accountability

The obligations of persons or entities including public enterprises & government agencies entrusted with public resources to be answerable for the fiscal, managerial & program responsibilities. Accountable for what / whom / how is secured? Must be related.

Accountability = Responsiveness + responsibility + answer ability.

Accountability is imperative to make public officials answerable for government behavior and responsive to the entity from which they derive their authority. This may be achieved differently in different countries or political structures, depending on the history, cultural milieu, and value systems involved. The mechanisms employed may vary from audit covenants, at one level; to broadly elected legislatures or more narrowly conceived consultative committees, at another.

Accountability also means establishing criteria to measure the performance of public officials, as well as oversight mechanisms to ensure that the standards are met. The litmus test is whether private actors in the economy have procedurally simple and swift recourse for redress of unfair actions or incompetence of the executive authority. Lack of accountability tends in time to reduce the states credibility as an economic partner. It undermined the capacity of governments to sustain the long-term business confidence essential for growth-enhancing public sector investment. (www.adb.org)

The accountability of public sector institutions is facilitated by evaluation of their economic and financial performance. Economic accountability relates to the effectiveness of policy formulation and implementation, and efficiency in resource use. Financial accountability covers accounting system for expenditure control, and internal and external audits.

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Predictability / Credibility

Predictability refers to the (i) the existence of laws, regulations, and policies to regulate society; and (ii) their fair and consistent application. The importance of predictability cannot be overstated, since, without it, the orderly existence of citizens and institutions would be impossible. The rule of law encompasses both well-defined rights and duties, as well as mechanism for enforcing them, and settling disputes in an impartial manner. It requires the State and its subsidiary agencies to be as much bound by, and answerable to, the legal system as are private individuals and enterprises.

The importance of rules-based systems for economic life is obvious. They are an essential component of the environment within which economic actors plan and take investment decisions. To the extent, therefore, that legal frameworks help ensure that (i) business risks can be assessed rationally, (ii) transaction costs are lowered, and (iii) governmental arbitrariness is minimized, they should prove conducive to risk taking, growth, and development. In the opposite scenario, the capricious application of rules generates uncertainty and inhibits the growth of private sector initiatives. Regulatory uncertainty also tends to raise the cost of capital by increasing the risk of investment.

Besides legal and regulatory frameworks, consistency of public policy is also important. Government policies affect the investment climate directly, and economic actors require reasonable assurance about the future behavior of key variables such as prices, the exchange rate, and employment levels. However, consistency does not mean rigidity. Governments do need to respond flexibly to changing circumstances and to make mid-course corrections, as necessary. Also, when governments change, the successor administration will, understandably, want public policy to reflect its

priorities, rather than those of its predecessor. Barring such situations, though, consistency in the broad directions of government policy is valuable (with modifications being limited, as far as possible, to fine tuning).

Predictability can be enhanced through appropriate institutional arrangements. For example, it has been argued that an autonomous central bank could lead to more predictable monetary and exchange rate policies. Many governments face the challenge of regulating money supply, while pursuing expansionary fiscal policies to encourage investment. In such situations, if monetary policy is too accommodating, inflationary pressures can put investor confidence at risk, thus defeating the very objective of the fiscal policy. In some countries, managing the fiscal deficit may be made more difficult by compulsions to bail out a politically manipulated banking sector. Granting greater autonomy to the central bank is one way that government can signal investors that macroeconomic policy will be prudent and sound. Insulating economic ministers from political pressures can have similar benefits, but may be even more difficult to achieve.

Transparency

Transparency of raising public revenue expenditure & output or progress, delivered public service, government work for people & people contribution for nation, information of flow, open debates.

"Good Governance" in nations throughout the world. Governments can not engage in good governance – i.e., good management of the country – without promoting "transparency". This usually means managing government institutions according to clear and accessible rules (i) that make government officials and agencies accountable to the country's citizen and (ii) that provide members of the international community with the predictability and stability they need to function efficiently and productively.

Governance is the manner in which power exercised in the management of country's economic and social resources for development good governance is epitomized by among other things predictable, open and enlightened policy making. Good governance fosters strong, but sharply delimited, states capable of sustained economic & social development and institution growth.

Principles of participation which should be informed and organised, mediation of the different interests in society to form a consensus that is not only concerned with the immediate but also the long term and is equitable and inclusive of all citizens. Society should be accountable to those affected by the decisions made or actions taken on its behalf, which requires a just and transparent framework (to include human rights protection) against which these can be taken within a reasonable timeframe, comprising laws and regulations which are enforceable through an independent judiciary and impartial and incorruptible police force. Furthermore, the decisions made and actions taken should be done so in an effective and efficient manner, that is to say, making the best use of the resources available to them, with a view to ensuring sustainability as much as possible.

Common principles of good governance with respect to organizations and institutions center around its health, effectiveness, adaptability and ability to change. It focuses the organizations purposes and outcomes and institutions center around its health, effectiveness, adaptability and ability to change. It focuses the organizations purposes and outcomes and is about changing the informal and formal rules of the game, promoting organization-wide values and principles, provide clearly defined functions and roles for personnel so that performance can be monitored and measured and lines of accountability are clear. Also inherent in the principles of good governance is the development of the capacity of personnel at all levels not only to ensure they understand and are able to take informed and transparent decisions, are able to solve problems and manage risk but ultimately with a view to the organizations becoming more effective. Good governance also has the added value of improving staff morale and consequently retention.

At bottom, discussion and debates about good governance focus on corruption and efforts to eradicate it. Believe rooting out corruption – or promoting good governance – will promote sustainable and equitable development.

Performance auditing is the Economy efficiency and effectiveness with which audited entity uses its resources in caring out its responsibilities.

Value for money audit = Economy | Efficiency | effectiveness

Transparency refers to the availability of information to the general public and clarity about government rules, regulations, and decisions. Thus, it both complements and reinforces predictability. The difficulty with ensuring transparency is that only the generator of information may know about it, and may limit access to it. Hence, it may be useful to strengthen the citizens' right to information with a degree of legal enforceability. For similar reasons, broadly restrictive laws that permit public officials to deny information to citizens (e.g., and officials secrets Act.) need to provide for independent review of claims that such denial is justified in the greater public interest.

Access to accurate and timely information about the economy and government policies can be vital for economic decision-making by the private sector. On grounds of efficiency alone, such data should be freely and readily available to economic agents. While this is true across all areas of the economy, it is especially relevant in the cause of those sectors that are intrinsically information intensive, such as the financial sector in general and capital markets in particular.

Transparency in government decision-making an public policy implementation reduces uncertainty and can help inhabit corruption among public officials. To this end, rules and procedures that are simple, straightforward, and easy to apply are preferable to those that provide discretionary powers to government officials or that are susceptible to different interpretations. However well-intentioned the latter type of

rule might be in theory, its purpose can be vitiated in practice through error or otherwise.

In practice, though, it may sometimes be necessary to place limits on the principle of transparency. In doing so, it may be helpful to distinguish information as commodity from information as a process. For example, intellectual property rights may need to be protected in order to encourage innovation and invention; but decision-making on the establishment of intellectual property and rights thereto (i.e., to whom they are granted and why) should be transparent.

Audit of Economy

Minimizing the cost of resources used for activity having regard to the appropriate quality.

Economy means the acquisition of the appropriate quality and quantity of human, financial physical and information resources at the appropriate time and at the lowest cost. It is input oriented and focus on minimizing cost of resources used for an activity with due regard to appropriate quantity, quality and time. Economy means to determine whether resources used in producing goods & services are acquired in due time in minimum cost without comparing quality & quantity of resources. Audit of economy answer the following question (a) Do you mean chosen or the equipment obtained represent the most economical use of public fund. (b) Have the human financial of material resources been used economically? (c) Are the management activities performed in accordance with sound administrative principle and good management policies.

Audit of Efficiency

The relationship between the outputs in terms of goods. Services or the results and the resources used to produce them. Efficiency means to ensure whether goods and services are produces in time without reducing quality and quantity with

minimum resources or not. It is output oriented and focuses on output maximization by minimizing input or resources. In other words, it shows input output relationship and minimizes the operating cost without detracting from level, quality, quantity and timing of service. Efficiency are human financial and other resources management of government service quality, time conciseness, cost effectiveness question of efficiency restricts to optional uses of resources which have been economically acquired & have been used to achieve better result in terms of both quantity and quality.

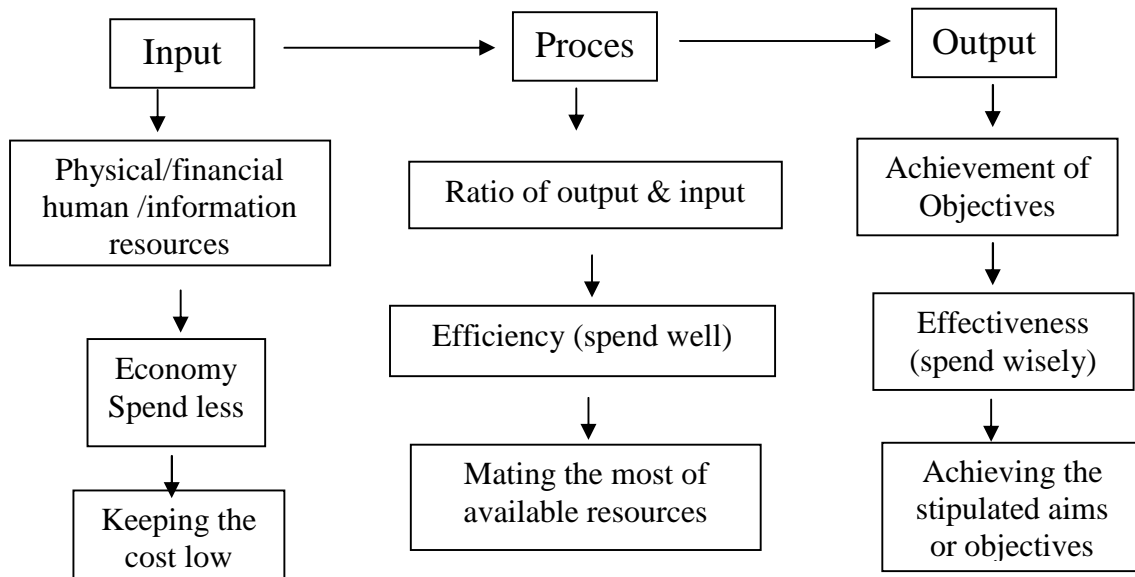
Audit of Effectiveness

Effectiveness means the achievement of the objectives or intended effect of the activities. At evaluates the relationship between expected and actual impact from the implementation of program / project / function and activities. It is result oriented. The effectiveness of program / project / activities is the extent to which the actual outcome matches with intended objective. Effectiveness audit need to answer the following question as:

-) Government programs have been effectively designed and prepared
-) Objective are relevant and consistence.
-) Goal are met
-) Alternative way for better results is identified.

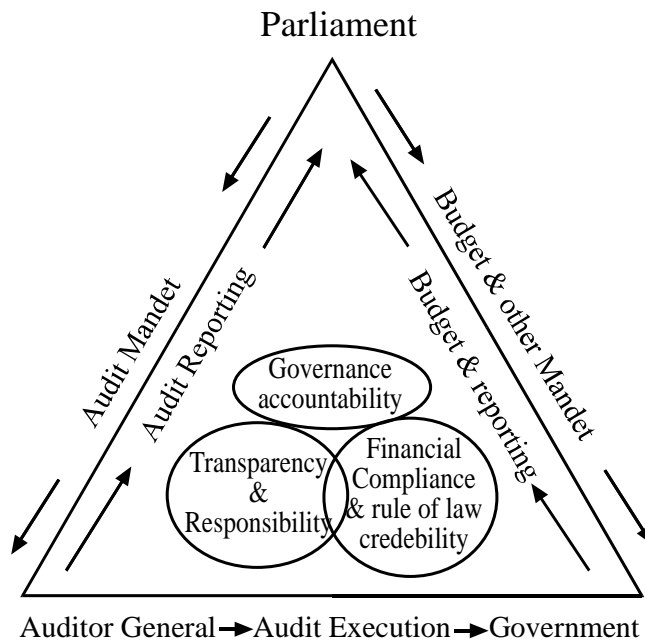
Organization design, structure, decision process are appropriate, proper and non-duplicate, suitable and able to control the system.

The extent to which objectives are achieved of the relationship between the intended impact & the actual impact of an activity. Three types of effectiveness. Program effectiveness, operational effectiveness & organizational effectiveness. Other effectiveness use cost & measurement. They are audit by citizen surveys, trained observer ratings, industry standards, internal records etc.



Audit of Propriety

General consensus to verified right or wrong. On the propriety of all authorization issued in any grant of national property whether fixed or current or under writing of any revenue, or any contract, license or permits relating to mining, forest, water resources etc. and other act of abandoning fixed or current assets of nation & reckless one or is an abuse of national property & to determine on the basis of ordinary prudence whether financial transaction is appropriate from perspective of economic & social interest although & such transaction complies to existing rules & regulation.



Performance auditing evaluation of result & impact rather than investigation of events. It examines & evaluates operation from micro perspective instead of confining on industrial transaction. It compasses results & impact against predetermined objectives & target. It has objectives to assessment economy, efficiency & effectiveness. Identify management & control recommendation internal controls public accountability etc. Performance auditing enhance the accountability of executive agencies by providing information to the parliament through them to public.

Chapter – III

GOOD GOVERNANCE AND AUDITOR GENERAL REPORT

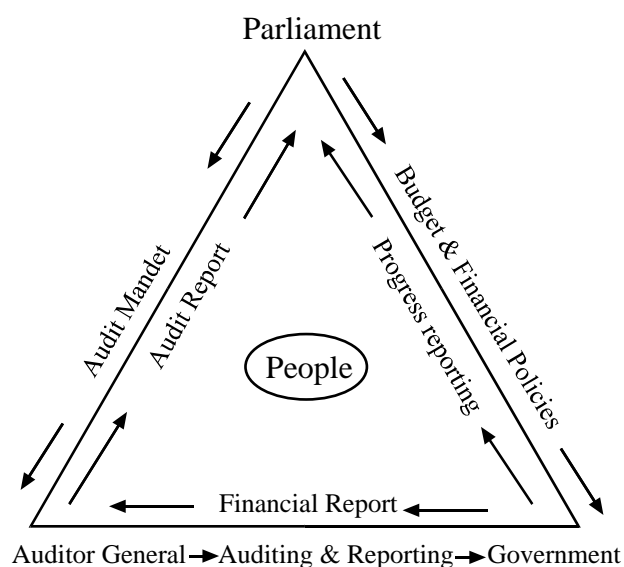
3.1 Mode of Good governance

As good governance is best serve as demand driven & to know various dimensions in which it should be manifested with their relative priorities. The state has to solicit from the people information on their choice & about how they would like to be happy & prosperous. Accountability, citizen friendliness, legitimacy & commitment to rule of law. Transparency, participation in plan program& development & public service deliver, individual & social life, effective state, institution security, employment, poverty alleviation, cultural advancement, social & economic welfare, human right & human development etc the web of good governance in the practical life, therefore may be depicted by an array, in matrix of modes and substances adopted by the state at a particular time to cause happiness & well being in citizens. "Governance can be seen as the exercise of economic political & administrative authority to manage country's affairs at all levels. It comprises the mechanism process and institution, through which citizen s & group articulate their interests, exercise their legal right, meet their obligations and mediate their differences. It's attributes are participatory, transparency & accountability. It is effective in making the best uses of resources & equitable & promote the rule of law" UNDP.

3.2 Financial Accountability

"Financial accountability is the relationship between the executive and legislature based on the government's judiciary obligation to demonstrate and to take responsibility for performance in the light of agreed expectations

regarding the management to public resources" (B.P. Upadaya – Audit Journal).



Financial accountability is accountability of Government agencies & bureaucrat to do financial transaction according to act, regulation, parliament directives & financial policies.

Financial accountability, which should include fiscal integrity full disclosure and compliance with applicable laws & regulation, Public accountability & transparency, economically & efficiently, uses of public resources, increasing efficiency of public entity, maintain law.

Preparation of budget, program & plan, expenses of government budget & policies reporting, execution of audit report all are the financial accountability.

3.3 Annual report of the Auditor General

The Interim Constitution of Nepal 2007, Article 123, confers on Auditor General the authority to audit, Regulatory Economy, Efficiency, Effectiveness

& propriety of the financial management of the executive, judiciary, legislature, parliament & cooperative bodies. Article 124 Auditor General submitted his report to President of Nepal & Report is presented in Parliament & discussion in Public Account Committee.

Audit Act, 1991, Sec. 8 has provision the Auditor General shall submit its annual audit report, including his critical comments and recommendations there on, to president on the finance audits of government offices and other offices and organization prescribed by existing laws which are subject to audit by the Auditor General. Providing that the Auditor General may submit at any time a report to President if he deems necessary to take immediate action against any loss or damage already happened or impending upon the fixed and current national assets."

Auditor General Report is dividing in 5 parts. They are Part – I Government entity Part II – Performance Audit Report, Part III – Committee Audit Report Part IV – District Development Committee's Audit Report Part – V – Financial Statement of Government.

Auditor General Report included mandate of Audit, number of Audit entity, irregularities, finding by Audit, Auditees exercise to clear irregularities & achievement & prescribe recommendation to reform in public audit in future.

Auditor General Report is critically analysis the Audit finding of irregularities, cost & benefit, public service delivered, revenue expenditure trend, structure & give recommendation to government.

3.4 Statuary mandate, related rules & regulations

- Interim Constitution of Nepal 2007 part 12 & Article 122, 123 & 124 confers on Auditor General the authority to Audit "Economy, Efficiency, Effectiveness & propriety.
- Audit Act 1991, Sec (4) and provides mandate for manner to be audited considering Economy, Efficiency & Effectiveness. In this context Audit required to determine whether:
 - a) The amount appropriated in the concerned heads and sub-heads by the Appropriation Act for respective service and tasks have been expended for the specified purposes of designated services or tasks within the approved limit;
 - b) The financial transactions comply with the existing laws and the evidence relating to items of income and expenditure are sufficient;
 - c) The accounts have been maintained in the prescribed forms and such accounts fairly represent the position of the transactions;
 - d) The inventory of government assets is accurate and upto-date, and the arrangement for protection and management of government property is adequate;
 - e) The arrangements for internal audit and internal control of cash, kind and other governmental property against any loss, damage and abuse are adequate and if so, are they pursued;
 - f) The accounts of revenue, all other incomes and deposits are correct and the rules relating to evaluation, realization and methods of book keeping are adequate and if so, are they followed;
 - g) The accounts relating to public debts, security, deposit, debt relief fund and the amounts set aside for debt services and payment of debts are accurate;

- h) The accounts of income and expenditure of industrial and business services, and their balance of cash and kind, and the arrangements and rules relating to their financial transactions are adequate and if so, are they observed;
- i) The organization, management and job allocation of the office are sufficient and proper and are they operating accordingly;
- j) Any function is being unnecessarily performed in duplication by any employee or agency or any essential function is being omitted;
- k) The available resources, means and assets are properly utilized and the maintenance and perspiration thereof against any loss or damage has been properly arranged;
- l) The progress has been achieved within scheduled time and the quality and quantity of the work is satisfactory;
- m) The objective and policy of the office is explicit and the program is delineated conforming to the specified objective and policy;
- n) The program is being implemented within the limits of approved cost estimate and the proceeds received in comparison to the cost is reasonable;
- o) The arrangement for maintaining data relating to target, progress and cost are adequate and reliable;

Matters to be audited in View of Propriety

- 1) The Auditor General shall audit following matters considering the propriety thereof -
 - a) On the propriety of any expenditure and its authorization, if in the opinion of the Auditor General such expenditure is a reckless one or is an abuse of national property, whether fixed or current, despite that the expenditure conforms to the authorization, and
 - b) On the propriety of all authorizations issued in respect of any grant of national property whether fixed or current, or

underwriting of any revenue, or any contract, license or permits relating to mining, forest, water resources, etc. and any other act of abandoning fixed or current assets of the nation.

2) The Auditor General may not include in his report minor items or discrepancy and other items deemed by him as insignificant in view of their propriety which were observed during the audit of income and expenditures.

- Government Audit Standard.
- Strategic plan.
- Audit standard
- Operational Audit Guideline
- Procurement Guideline
- Project Guideline
- Revenue Guideline
- Administrative Expenses Guideline
- Government Audit Policy Standard
- Quality Assurance guideline
- Government Audit Operational guideline
- Performance Audit guideline
- Strategic plan.

Performance audit measures success or failure in carrying out program / project / activity / function. When short comings or weakness crisis in the implementation / execution, it identifies the cause & consequences of the existing situation. Assessing the cause that contributed to the situation, it recommends the measures of future improvement.

Performance audits to make the government to answerable & productive, economic, efficient & effective while acquiring or utilizing the resources, to identified major deficiencies in management & control practice, suggest to corrective measure for improvement management & public accountability.

Performance Audit known as Productivity Audit / open Audit or Reform oriented Audit.

- a) Productive Audit | Service deliver, human / material / money / machine optimum utilization, poverty alleviation.
- b) Open Audit | Democratic norms & value, transparency, participatory.
- c) Reform oriented Audit | ' Reforms is Journey rather than destination structural reform, process & managerial reform, goal – achievement, control & credibility.

Vision of Audit General Office is "Promotion Good Governance in Public sector through public accountability & transparency " & mission is "Independent, efficient & neutral Audit service for utilization & management of public resources." So that performance Audit is most priorities audit.

3.5 Tradeoff between Good Governance & Auditor General Report

According to a 1991 World Bank report, governance "is the manner in which power is exercised in the management of a country's economic and social resources for development". The report defined three aspects of governance: (i) the form of political regime; (ii) the process by which authority is exercised in the management of a country's resources; and (iii) the capacity of governments to design, formulate and implement policies and discharge functions. The other two aspects, however, have been central good governance.

According to the IMF, Good Governance fosters a path for strong and stable economic development. Poor governance could adversely affect private market confidence and reduce private capital inflows and investment, retarding economic growth in developing countries.

Improving the effectiveness of public spending government in the drafting and implementation of appropriate legislative frameworks, in designing and providing support to budget organizations in the implementation

audit plans and initiating capacity building techniques to develop the knowledge and skills to enable them to perform quality maintain financial control.

Public finance management unit manages projects of:

- Budget & Financial Management
- Tax Administration & Fiscal Policies.
- Macroeconomic Modeling & Statistics
- Auditing / Financial Control
- Public Investment Programming

Good governance embodies process that are participatory, consensus oriented, accountable transparent, responsive & efficient, equitable & inclusive & which follow the rule of law.

Auditor General reports analysis public policy execution, resource & expenditure policy, spending & outcomes. Specially management of country resources & capacity of government to implementation of policies & discharge function using audit tool measuring economy, through indicator of efficiency, equity & effectiveness.

Auditor General critically analysis of rational uses of resources & their impact on financially soundness. Auditor general report point out maintaining law, relevancy of public fund utilization, long term sustainability, equitable & inclusive of all citizen in public resources & decision making which ensure good governance.

To develop sound financial management system, help to executives to maintain high degree of justice fairness & equity & remain accountable & transparent in managing public affairs; support citizen to exercise their

legitimate right to know about the performance of government as voters & taxpayers are function & score of auditor general report.

Therefore, good governance is dependent on government activities to maintain society value & public source as accountable, transparent & people participation & auditor general report critically analysis facts & figure to maintain good governance by local & central government.

Chapter-IV

PRESENTATION, INTERPRETATION AND ANALYSIS OF THE DATA

I interpret in following manner of data 'relative research finding I analysis with comment it for relative research topics.

Auditor General's performance audit report (Auditor General Report Part II) from 2061 to 2065, performance audit conduct of 141 units. He recommended 1360 advise. In these report he refer government to maintain accountability, rule of law, transparency, equitable & inclusiveness, responsiveness, participatory, consensus oriented through evaluation of public fund raising & spending, financial & economic policy execution & government activities. He analysis those by using tool of economy efficiency, effectives & propriety.

Auditor General's Performance Audit Report Recommended Accountability, Transparency, Credibility, Participatory on the Basis of 3Es, which are ensuring Good Governance

S. No.	Ministry	Performance Audit Recommendation											
		2061		2062		2063		2064		2065		Total	
		Unit	No.	Unit	No.	Unit	No.	Unit	No.	Unit	No.	Unit	No.
1)	Finance	3	22	3	22	5	37	1	9	1	14	13	104
2)	Ind. Com. & Supply	2	22	1	9	1	9	1	7	-	-	5	47
3)	Agriculture	3	25	4	37	4	38	4	37	1	9	16	146
4)	Home	2	18	1	14	-	-	2	13	1	8	6	53
5)	Water Resources	3	32	2	19	4	36	4	42	2	18	15	157
6)	Physical Planning	8	60	8	67	5	41	5	37	4	39	30	244
7)	Woman	1	9	1	8	1	10	1	5	-	-	4	32
8)	Forestry	1	11	1	3	1	9	1	11	1	8	5	42
9)	Science & Technology	1	8	1	1	-	-	-	-	-	-	2	15

10)	Education	2	10	-	-	1	11	-	-	1	11	4	32
11)	Communication	2	12	-	-	1	7	1	7	-	-	4	26
12)	Civil Aviation	3	25	1	12	1	7	1	10	-	-	6	54
13)	Local Development	2	41	4	30	3	23	1	12	1	11	11	117
14)	Health	3	35	2	31	3	19	2	14	4	51	14	155
15)	Labour & Transport	1	16	1	7	2	17	-	-	-	-	4	40
16)	Land Reform	-	-	1	5	1	6	2	12	1	10	5	33
17)	General Administration	-	-	1	9	-	-	-	-	-	-	1	9
18)	Office of Prime Minister	-	-	-	-	-	-	-	-	1	39	1	39
19)	Defense	-	-	-	-	-	-	-	-	1	15	1	15
	Total	37	346	32	280	33	270	26	221	19	243	147	1360

Those recommendation help to promote accountability, transparency, participatory, rule of law and credibility. They are as follows.

Accountability

-) Tax office to tax payer to tax audit report when he submitted income statement but they do not.
-) Government has not monitoring price list.
-) According to consumer act, 2054 accountability & responsibility of monitoring agency are not efficient. One of the main causes was budget.
-) Nepal standard must be distributed for specific time & condition.
-) All fixed assets are not recorded, maintenance & oxen (NS).
-) Irrigation cannel has not well maintenance.
-) Government internal audit not effective for internal control system (financial).
-) There has not auditing privatization of enterprise.
-) Irrigation office has survey of Agro or crop production & evaluation of irrigation are not effectiveness.
-) Tariff commission of electricity monitoring & evaluation of procurement electricity are not scientific & based on system.

-) Quality improvement plan will be conduct in Terai'sarsenic water effect area. Establishing standard for drinking water or government has been maintained indicator and basis.
-) B. P. Koirala hospital (behavioral aspect) doctor, nurse, employee & management have needed concentrate for well behavior& stress management of client. Institution must be trained to their nurses for counseling skill.
-) Capital plan, non-funded revenue income, succession plan, loan collection tool will implemented for financial sector improvement program.
-) Government hasn't well maintained of data of revenue debtors. Government must collected revenue from them.
-) Employment program need for youth & victim people of internal-conflict.
-) Human development indicator will be increased in under developed area & backward group. Social sector grant distribution must be fixed, objective & transparent.

Participatory / Inclusive

-) Self-tax assessment systems are introduced but they are not scientifically managed.
-) There are no fixed criteria of valuation of imported goods from third country.
-) All prison has problem of water & solid waste management. In prison must start education, skills development training & establish human right.
-) Tube well weren't handover to farmer for operation & maintenance.
-) Date expire toxic must dispose on time. Quarantine checking will be international standard & establish laboratory.
-) Trout fish, fresh water Prawn, Magur, Aquarium fish technique are developing & business will be promoted.
-) According to irrigation policy management & irrigation offices will formation user committee & make them participant in maintenance & Construction. They participate 25% of expenditure of construction & all expenses of general maintenance & operation. Uses committee collect fee & tax from user of those purpose but they don't.

-) Contractor hasn't maintain labor& public security in construction area of road. (Narayanghat – Mugling road).
-) National Woman Commission has been audit of gender. Commission has been evaluation & monitor of gender equity through establish indicator & machinery.
-) Poverty alleviation fund has been regular the provision of 50% participation of woman in most of chairman, secretary & treasurer (are woman, Dalit, Adibasi).
-) Kamaiyahs been given identity card and collect data. Revolving loan, land and home, refreshment training, employment creation program has been lunched in these areas.
-) Agricultural product has grading by quality, packaging, by-product of agriculture. Collect in dumping site & uses it for energy or other.
-) Common participation must be increased in title farming. Government has been facilitation of Agro market & easily access agro product to market.
-) Road department has contracted road as "performance based road maintenance & management. Department has not need assessment & survey of new system, contractor's wasn't perform his duty, e.g. communication center, labor camp, road security etc. but didn't take action against him. Road has pothole. Monthly based paying system didn't incorporate those loss for government

Transparency:

-) Tax Department & offices has legal obligation to manage information system & recording but they do not.
-) According to consumer act 2054 fail to maintain record & monitoring & legal action.
-) Radio & television program for farmer must broadcast & promotional activities are conduct in leisure time of farmer.
-) Passport distribution system has not transparent & immediately service. Recording system is poor.

-) Land coverage by irrigation project still has been ownership of farmer but government has given compensation of it. So ownership must be come on government.
-) Must be maintain a record of irrigation fee. Irrigation fee must collected through schedule plan.
-) Assessment of financial proposal; of privatization of public enterprise there must be valuation process are transparent & completion on sales of enterprises.
-) Private producer of electricity & electricity authority's electricity procurement negotiation has been transparent propriety & clear.
-) Booking internal debt (National) must be realistic, sustainable & clear. Discount & commission of National Bank also incorporate in internal debt. Must be careful in overdraft.
-) Poverty alleviation fund has been done public audit.

Legitimacy & Rule of Law

-) Tax assessments by principle of world trade organization are not provision through national act.
-) Legal definition, scope, procedure is needed for tax auditing.
-) Monitoring & inspection office legally given authority to inspect & right to inspect quality & price. They will have authority to legal action on business form.
-) District committee collects Service Tax of service road of irrigation project & road maintenance by irrigation office establish co-ordinate agency for it.
-) Internal audit conduct without planning, program, scope, law etc.
-) Negotiation process of privatization is not clear.
-) Sales of agricultural toxic are monitoring & evaluation through establish indicator according to law & regulation.
-) Duplication of law & regulation in construction of house & other maintenance in buffer zone & care zone of world heritage must be amendment.

-) In Kathmandu, disobey rule – regulation of urban plan. People's construct without following specification. Monitoring part of Kathmandu valley Nagar BikashSamittee is weak.
-) Nepal Police Hospital disobeys the law of drug procurement. They has not good record system of drug treatment, seek people or client.
-) Nepal Army Welfare Fund must be operated under regulation rule, procedure & directives.

Credibility / Equity

-) Tax assessment system scope & definition are complex & manpower is not updated.
-) Custom department has no yearly plan & post audit of custom paper.
-) According to consumer right act 2054 monitoring of market has need test laboratory access to market, tools & equipment as well as essential facilities. There are not sufficient facilities make fuel to monitoring process.
-) Failed to maintain Nepal standard (goods & service) are not taken legal action.
-) Risk areas of self-tax assessment aren't coverage by Tax Audit.
-) No planning for Tax auditing & monitoring.
-) Agriculture information center are not competitive.
-) Privatization process aren't transparent competitive & its has no integrated plan & program. These are no modality of market testing immediate objectivity, reserve privet of enterprises, value of on going concern value etc.
-) Weather forecasting process must be reliable and government department must be used extra-modernize tool & technique for forecast.
-) B.P. Koirala Institute for health & science has not managed garbage & waste of hospital scientifically & timely.
-) National internal debt must be result oriented, good oriented.

Discussion of Different Professional

Discussions are held informal way & point it in my own diary. This is conduct in my personal as well as in official visit. Discussion held between the office head &

account / financial head, technical head and store & other personnel. Discussion has done in different 7 places. Conclusions of discussion are mention below.

i) Do we feel Audit promote / maintain rule of law?

- Audit helps to promote financial accountability because of transparency auditees obviously maintain law. Report are discussion in parliament & other General assembly helps management has did according to law & maintain responsibility. Publication of Report has access people in information makes transparent & transparency cause accountability, accountability in maintain rule of law & responsiveness in their activities.

ii) Do we feel / performance audit is needed?

- Performance audit is real meaning of audit. It is result or output oriented audit. It helps us to increase our performance rather than regularity audit. It analysis intended input to their actual output or progress which are basically concentrate in progress. Our motto is to public service delivery. It help us to accountable, transparent & committed to our service delivered system.

iii) 3ES analysis of performance audit ensure of proper uses of resources & economic policy execution?

- It is possible to achieve the same output with a smaller input of resources beyond the compliance with laws. Economic analysis ensuring value for money from resources employed. It assisting organization to provided information contributes in identifying opportunities for more public service produce or best possible uses of resources. It helps to spend wisely & effectively.

Efficiency is the stimulate& provided ideas for improving performance & enhancing the effectiveness of public policy & program. It help to analysis program achieves the desired level of results or not or achieve objectives more effectively at lower cost.

Effectiveness is result between intended aspect & achievement, which helps audit to self-assessment about their productivity & public service delivered or policy decision to policy outcomes.

In above condition 3ES analyses help to analysis the proper uses of resources in right way right thing or not. Policy & budget meet the target or not. Costs are reasonable or not.

iv) Accountability, transparency, credibility, participatory to profile is maintained through audit?

- Auditing report submitted to parliament & general assembly (district development committee & public enterprises) maintains accountability. Accountability helps to maintain rule of law & follow up rule & regulation, which helps to promote credibility & participation of people, or not? In an organization without good relationship plugged between staff, management, client / people cannot sustain & activate good respect & meet the objective organization. Auditing analysis rule of law, economy, efficiency & effectiveness, which help to maintain them.

V) Performance Audit ensure good governance?

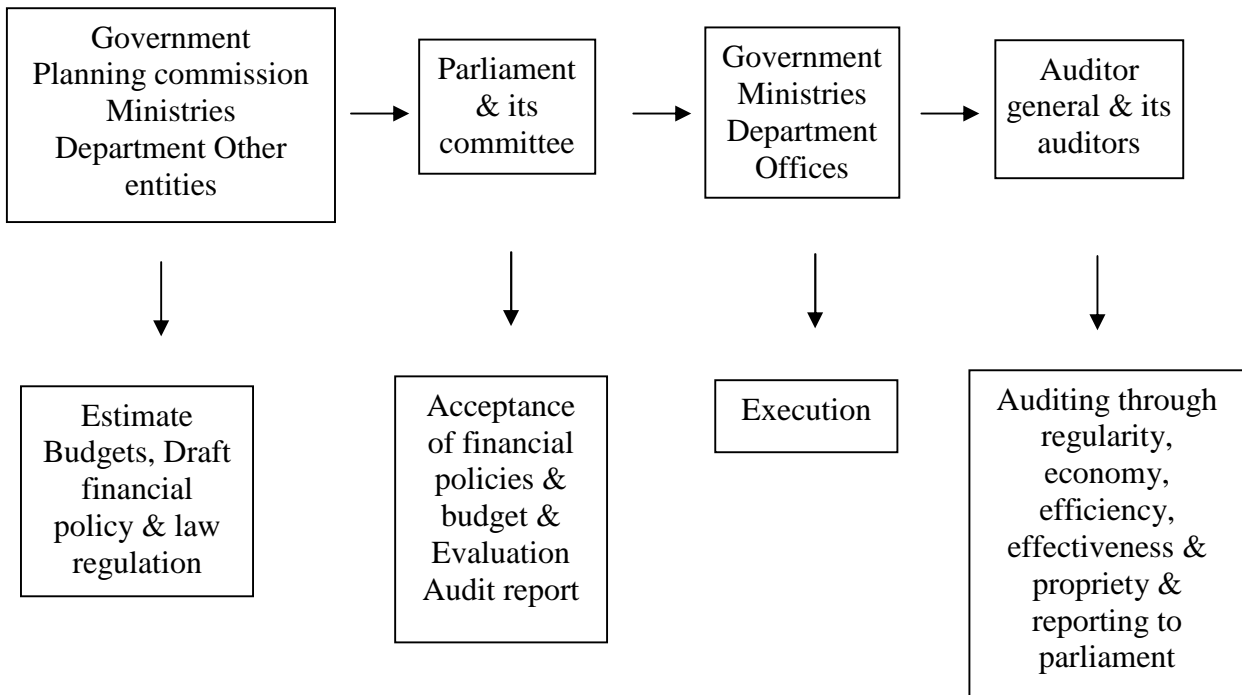
- Performance audit measures and analysis economy, efficiency & effectiveness of organization. It analysis financial resources, budget & policy execution in term of output & service delivery, effective uses of resources for purposive objective, tradeoff between purposive & real achievement, policy decision & outcomes. It helps government entities; public enterprises & committee evaluate organizational procedural, service deliver, productivity (service delivery). These make institution transparency. Accountability & credibility and it ensure good governance.

Statement	Answer (%)				
	Yes	No	one of measure	no comment	Re-remarks
Audit promote/maintain of rule of law.	75	20	5	00	#
3ES Audit or performance audit is needed.	88	2	0	10	*
3ES analysis of performance Audit ensure of proper use of resources & economic policy execution.	92	5	2	1	^^
Accountability, transparency, credibility, participatory to people are maintain through audit.	73	11	10	4	
Performance audit is really & true sense of instrument to ensure good governance.	85	2	10	3	

Remarks

- a) #
-) Sampling is one of the tools of audit. Universally audit isn't conducted.
-) Audit of mostly concentrate in financial sector. It omitted the social value.
- b) *
-) Performance audit is conducted in few topics. It is high costly limited scope.
-) Nationality, security are not measure through performance audit.
- c) ^^
-) 3E's only concentrate in financial activities.
-) Sustainable economy development plan can't be shown in yearly framework.
- d)
-) It shouldn't maintain through audit. Audit help to promote but willingness gives well management, right policy help it to did.
- e) |
-) Good governance is state owned subject. Audit finding only finding weakness of small area but not covered gray area.

These above chart & discussion most of people Auditee want their conduct on the basis of 3E. They hope 3E Audit has promote their work efficiency as result oriented which help to effective output accountability, credibility, and transparency policy effectiveness in this work.



Audit report makes transparency, accountability of their work. Discuss in parliament & taking action to them makes them participation, maintain law. All above action goes to ensure good governance. Performance audit point out

-) Delay in decision making
-) Make stock of goods & there no need assessment & procurement of good aren't used.
-) Operational barrier or execution problem aren't timely settle.
-) Projects aren't complete on time.
-) Specialization parts are vacant in hospital & there is problem of waste management.
-) Deep & other tube well aren't operations efficiently.
-) Budget isn't sufficient allocated for complete program.

-) Health equipment's aren't maintained & without authority health investigation are held.
-) Maintaining & evaluation part of local government are poor. District development committee has not proper uses of resources, planning, and participatory development activities. Development work is not qualitative because of technical lab test & high technology. Complete project are not handover to consumer for regular maintenance & operation.
-) Leakages of revenue are high so government takes action against leakage.
-) Program & project are lunched without consideration essential aspect. This is serious lack of clearly and precisely defined performance indicators. It has made difficult to determine audit criteria and evaluate physical and financial performance. (Ram Babu Nepal – Performing Auditing Concept & Practice).
-) Basic management and administrative issue are not addressed in time. The concept of job design, job description, organization structure, delegation of authority are ignored.
-) Government entity have not been able to maintain update and reliable information on performance and senior executive officers are not fully aware of their role and responsibilities. Frequent changes of decision makers have eroded the sense of accountability, commitment and accomplishment.
-) Critical decision are made on ad-hoc basic increases a financial burden, Adequate attention is not paid to safe guard, ensure efficient and effective use of physical resources & procurement & manpower employed without actual requirement have increased project cost.
-) Sustainability environment service delivery aspect is very little considered in managing development project. Project have not been able to achieve desired level of effectiveness due lack of complementary activities, operational staff, resources and not availability of repair & maintenance service.

Auditing provides information about the entity audit to some other person group." Audit is not inquisition and its mission is not in of fault finding, Its purpose is to bring the notice of the administration lacuna in the rules and regulation and topes

and of suggest possible ways and means for the execution of plan and project with greater expeditions efficiency and economy." (A Chand Former Auditor general of India). Auditing process to show mirror of financial activities. Above auditor general report of Nepal shows uses of property, resources on behalf of people or not. Refer government to proper uses of resources and good management of public fund & property.

Accountability

Accounting is a primary tool of accountability. The Auditor General of India is responsible for the complication of the accounts of the various State governments and preparation of the annual finance and Appropriation accounts. The auditor General to the respective Governors who in turn places the same to the respective Legislatures submits the finance and appropriation accounts. The Finance accounts reflect the net expenditures and the receipts of the Government and are a useful source of information for assessing the quality of financial management by the government. The appropriation accounts show the gross expenditures against the various budget heads.

It constitutes a critical mechanism for establishing legislative control over public finances since it provides information as to whether public funds were spent within the limits, and for the specific purposes, laid down by the Legislature.

The Auditor General is also responsible for the audit of all expenditures from, and all receipts into, the consolidated fund of India and the States. The Auditor General has been provided completed discretion regarding the nature, extent and timing of audit to be carried out. In addition to financial and regularity audits, the Auditor General also performs comprehensive performance audits of government departments as well of numerous development schemes, programs and projects as also government companies and bodies within his audit jurisdiction. The in-depth audit reports of the Auditor General are placed before the parliament and respective State Legislatures. The same are discussed in detail by the respective Public Accounts Committees (PACs) and the Committees on Public Undertakings (COPUs, with

respect to the audit reports on government companies). During such discussions, government representatives are examined and called upon to explain the reasons for irregularities and failures pointed out in the audit reports as well as the actions taken to prevent such occurrences in future.

Transparency

Under the Constitution, the Auditor General of India has the right of access to all the records and books of accounts of the Central and State governments. Therefore, the government accounts and the audit reports prepared by the Auditor General provide reliable information to the people's representatives, as well as to the larger public, on the extent to which the government delivered, or failed to deliver, to their citizens what they has promised to deliver.

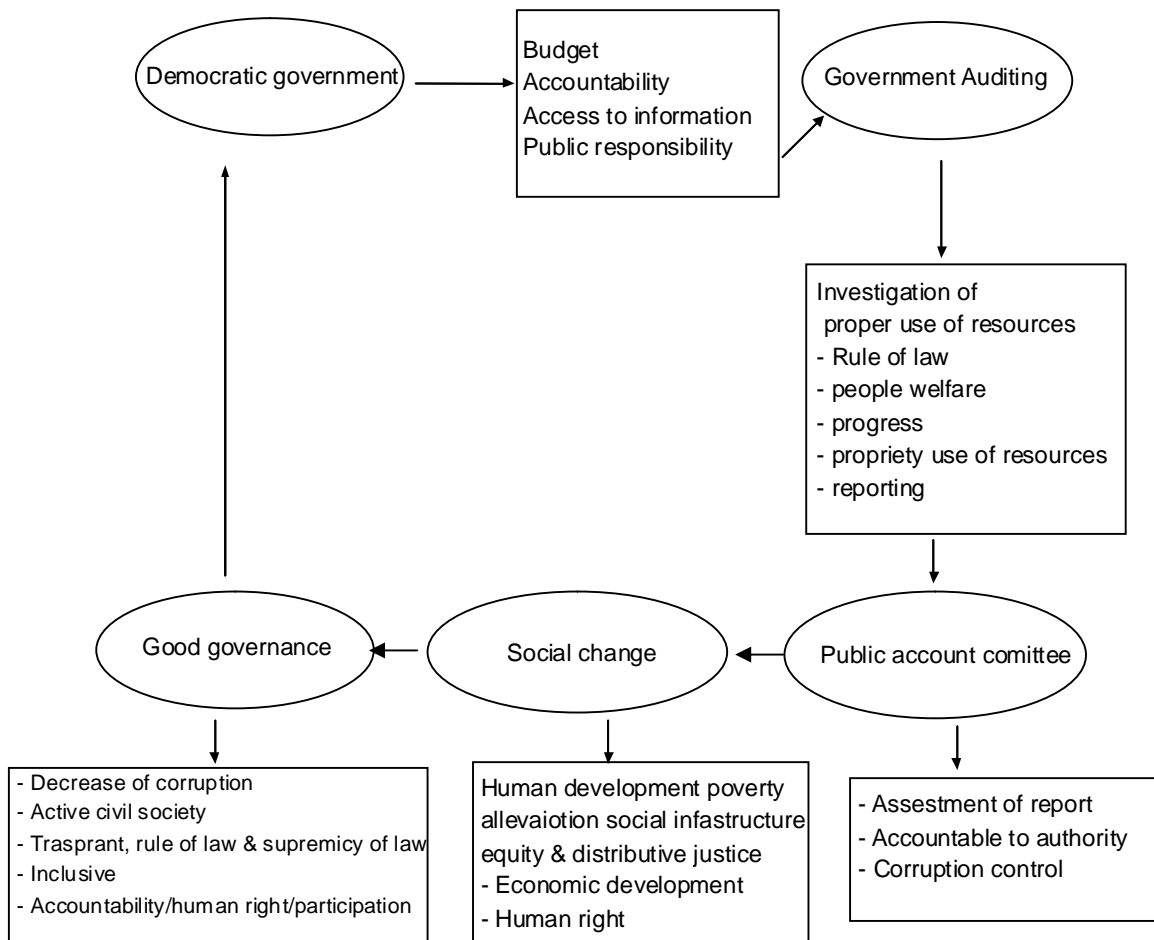
Predictability

This element includes the fair and consistent application of laws, regulations and policies enacted for the welfare of the people and the sound functioning of public and private institutions. The audit by the Auditor General includes detailed examination of compliance to laws, regulations and policies by the governmental departments; agencies and other public institutions within the purview of the audit. All significant instances of non-compliance are brought out in the audit report. This puts a check on non-compliance and thereby enables the fair and consistent application of laws, regulations and policies.

In addition to the above elements of good governance, the institution and maintenance of robust control environment and structures is critical to good governance, not only in the corporate sector but also in the government. In the course of audit, the Auditor General also examines the quality of and compliance with internal control systems in government departments and other agencies audited. The independent, objectives assessment of controls in the various government and public institutions audited by the Auditor General can go a long way towards the healthy functioning of sound internal control systems in these entities.

Different book & Article

Growing expectation of people need of change and peaceful transformation of society and economy dependent on activities & performance of organization. Improving the quality of governance and encouraging more responsible and dynamic organization fulfill that. Performance of organization evaluation through 3E by performance auditing.



Auditor general report (2061-2065) has helped in creating awareness of general people and promoting accountability & transparency.

-) Government on the basis of audit finding is making recoveries.
-) Improvement of legislators & formulation public policies.

-) Promulgation of financial procedures Act & regulations, procurement act & regulation.
-) System improvement of government & public enterprise.

Inter agency meeting on the norms of good urban governance was covered on 11 June 2001 in New York reviewed the numerous characteristics identified by various U.N. Agency & narrowed down to five basic characteristics of good governance. These are equity, effectiveness, accountability, participation and security. Good governance required that processes and institution produce results that meet the needs of society while making the best uses of resources at their disposal. Effectiveness includes efficiency particular uses of resources. It includes responsiveness. Governance context in government sector delivery of services, strategic vision, subsidiary & resources management including sound financial management. Performance audit's one of the tool is ensure effectiveness & audit institution's evaluate execution of govt. as management discussion, relevance, appropriateness, achievement of intended result, acceptance, secondary impact cost & productivity, responsiveness, financial result, working environment, protection of assets, monitoring & reporting using methodology, planning, examination, reporting & follow up report. It promotes good governance in public institutions.

Accountability is a key requirement of good governance. Government institution must be accountable to the public and to their stockholders. Who is accountable to who will be affected by its decision? Accountability can be enforced through transparency. Transparency means information is freely available and directly accessible to those who will be affected by such decision and by their enforcement. Decision taken and their enforcement are done in a manner that follows rules & regulation. Performance audits one of tool is ensure accountability. Supreme audit institution evaluates accountability through their responsiveness to stakeholder rule of law, enhancing public sector investment & evaluates economic and financial performance. Expenditure control, effectiveness policy execution & progress are also ensured & promote good governance.

Participation by men, woman, other group, lower caste and isolate community/society is a cornerstone of good governance. They must consideration in decision-making, development activities & policy formulation & execution. Good governance must ensure that all civilians have right to live without fear & violence of human right. A society's well being depends on ensuring that all its members feel. That they have a stake in it & do not feel excluded from the main stream of society. The poor, disable the minorities, the woman opportunities less ethnic & lower caste people must be consider by nation. This context good governance is rule of law, securities & violence, food economic (social), participation, human right, environment safety. Performance audit's propriety & economic evaluation ensure it & it help to promote good governance.

Participation for citizens associations with or intervention in the development efforts of a democratic country.

-) Local people in imparting a new trust to programs of which they are beneficiaries.
-) Ventilating their feeling and thoughts.
-) Offer stockholder an opportunity to demonstrate their willingness to do constructive work & show that they are good citizen.
-) Cure for an unresponsiveness and representativeness of traditional decision-making.

For participation, government has been provision in Act regulation. Such as decision making, implementation, evaluation & monitoring & evaluation of development activities (local governance act 2005). Soil & water resources management (irrigation policy), ruler development & poverty alleviation program, social welfare program. Performance audit evaluate & analysis its criteria, condition, cause, effect & recommends them for better job. Parliament & parliament committee direct government to do policy execution, better job for policy execution after analysis performance report of auditor general. It helps government to ensure good

governance. Participation is done or not is evaluation through accountability of institution & transparency of their work. Plan & policy are properly executed or not. Those are report by auditor general.

"Simply put sustainable development cannot be achieved without good governance and good governance in turn is generally furthered by the valuable work of audit institutions. Therefore audit institutions can play a vital role in information & supporting effects to achieve sustainable development" – Klaus Toepr former executive director of UNDP above statement has related to performance audit & good governance.

-) Public sector management emphasizing the need for effective financial and human resources management through improves budgeting, accounting and reporting and rooting out inefficiency particularly in public enterprises;
-) Accountability in public services, including effective accounting, auditing and decentralization, and generally making public official responsible for their actions and responsive to consumers;
-) A predictable legal framework with rules known in advance a reliable and independent judiciary and law enforcement mechanisms; and
-) Availability of information and transparency in order to enhance policy analysis promote public debate and reduce the risk of corruption.
Performance auditing shall audit makers to ascertain.
-) Organization management and job allocation of the office
-) Unnecessary performed duplication
-) Property utilized & the maintenance and perspiration their against loss or damage.
-) Arrangement and rules relating to the financial transaction.
-) Public debts security deposit debt relief fund and the amount set a site for self-service and repayment of debt are accurate.
-) Objective & policy of the office is explicit program work in time & the quality schedule, estimate/cost/progress are reasonable or not.

Audit of 3E conform the uses national resources in proper way or not.

Regularity audit generally attestation of financial statement & test of compliance of financial transaction with law & regulation. Verification that expenditure corresponds to budget as approved by authority & analysis deviations between budgeted & efficiency expenses. Office of the auditor general Auditing in the basic of regularity audit are operating expenses and other development budget. Financial audit enable to give opening on financial integrity and compliance with law rules regulation guideline and account standard or as follows.

-) Crossing the budget limit of not
-) Transaction are posting in right way to or not or classification basis are appropriate or not.
-) Disobey rule and regulation
-) Expenses have done in the basic of fundamental financial law or other relative law & regulation or not.
-) Evidence are adequate or not
-) Approvals are made on the basic of evidence or not.
-) Tax & other exercise are audited or not
-) Abuse of authority or unethical attitude in revenue & expenses make error, different in total, irrelative expenses is done.
-) Expenses are done without program & authority.
-) Government Income statement monitoring & evaluation report hasn't been submitted in concern entity
-) Government property hasn't been well record maintain & protection.
-) Salary has been paid without post & absence days.
-) Leave are given more than provision in civil service regulation.
-) Operating expenses, office expenses (paper, pen, stationery) miscellaneous, expenses are excess or not.
-) Communication, electricity expenses are proper or not.
-) In Procurement plan, specification or design, List of public work & work of construction material, Need assessment of procurement contain-

amount & area, Procurement procedure, Bidding system (estimate, approval, Technical evaluation, Bid propose, Bid analysis & approval) comparative chart analysis procurement negotiation, procurement supervision & monitoring has done or not.

Project:

-) Procurement for project must be consider project Identification, Feasibility study, environment assessment social assessment, Project approval & budget approval project implementation plan, Engineering design & cost estimate & pre-construction activities. Regularity audit check on they did their activities or not.
-) Project account are approval in prescribed form or not
-) Project account maintain clear account of donor and Nepal government fund or not, Reimbursement account, Revenue & expenditure account are proper or not.
-) Expenses of project are based on negotiation between Nepal government & donor, exciting law, reimbursement guideline or not.
-) Project adjustment & variation system are according to law &negotiation?
-) Exchange rate of foreign currency is appropriate or not.
-) Expenses have done in negotiation period or not.
-) Procurement hasn't done according to negation.
-) Procurement activities are done after approval of donor or not
-) Consumer counter parts are according to negation between consumer & officer or not.
-) Project cost of Premises/property are appropriate & their situation & their situation & uses.
-) Report of special & impress account are appropriate or not
-) Account policy is similarity in similar organization or not.

Revenue

-) Taxpayer records are maintained or not.

-) Information system & tax collection are adequate.
-) Tax assessment tax determinations are on the basis of existing law and regulation or not.
-) Timely tax audited or not.
-) Tax payer has been given instruction to pay tax in time or not
-) Law minimizes tax manipulations or not.
-) Control monitoring & valuation reporting or not.

The main objectives of regularity audit are verification between financial activities and existing law regulation & practice and reporting the gapes between them. If there are any irregularities disapproval, factors of evidence regularity audit call them to maintain it. Regularity audit are classified in 3 groups & 8 categories there are as below.

Mésuses/Manipulation

-) Manipulation & mal practices
-) Other manipulation

Irregularities

-) Irregularities
-) Losses and damage are made
-) Evidence aren't maintain
-) Revenue's Carryover & record aren't maintain
-) Reimbursements are not made.

Advance

-) Advance
 - ✓ Employee advance
 - ✓ Other's advance

Regularity audit express an opinion on the financial statement of the audited organization as a whole present report fairly, in all material aspect, financial position of organization the result for the years then ended as well as conformity with applicable accounting principles.

Regularity audit ensure effective system of internal control, ensure compliance with laws & regulation prevention of errors & fraud, equality & viability of the information system and the reporting & conclusions regarding the organization, program, activity or function under audit.

Conformity of expenditure authorization and validity of the supporting document, test of arithmetic book keeping accuracy, Conformity expenditure with budget, Prevailing law & regulation with practice, Control advance accrued or in abeyance & verification that receipt are exhaustively and regularity or not.

Performance audit is different in all above manner. Performance audit evaluation public fund utilization in 3E'S aspect and evaluation financial & non-financial data. Performance audit determine performance approval report's relative or not, evaluation of progress & consequences are adequate.

The objective of performance audit is to reform in management of every fund. Policy maker, parliamentarian or legislature & people has providing qualitative information about public sector management result & promote public accountability & performance reporting system. Performance audit ensure achievement of target & service delivered to target group. Performance audit improve working efficiency.

-) Result oriented & process oriented approach to analysis & evaluation work.
-) Known as productivity audit/open audit/reform oriented audit.
-) Recommendation to management or legislature for reform in public financial & non-financial reform.
-) Introduce effective internal control system

-) Cost-benefit analysis and it is corrective, creative, analytic & informative.
-) Performance audit analysis program effectiveness, importance and relevancy with financial investment
-) Adequacy and efficiency of management in public financial, physical & human resources mobilization & progress as well as service deliver.
-) Finding reform area & advice to re-evaluation the program.
-) Highlight the progress area and recommendation
-) It is dynamic and recommends suggestion for the improvement over traditional practice and procedure.

Good governance is important for countries at all stages of development most closely related to our surveillance over macroeconomic policies namely the transparency of government accounts the effectiveness of public resource management and the stability and transparency of the economic & regulatory environment for private sector activity. Policy execution enhancing government capacity to design and implement economic policies promote transparency in financial transaction, improve accounting & statistical system, responsiveness and consensus oriented & equity and inclusiveness, enabling state program and pro-poor governance, accountability & transparency participation & service delivery, rule of law are analysis & advice by performance auditing. All these way has helped countries to improve governance. Without guideline and effective and efficient utilization of available resources will not ensure good governance. Governance is the process where by public institutions conduct public affairs, manage resources and guarantee the realization of human right. Performance audit has done so but not regularity audit.

The changing role of state and the emergence of new activities of the government have contribution to the national economy independent & use of public fund & resources with accountability transparency & participatory of public/public authority. Performance auditing aim to ensure management 3ES and service delivery as well as credibility.

Study of 3 report of public account committee

1. 13th report 2063
2. 14th report 2063
3. 1st report 2064

Selected only

Issue: Without basic policy & standard personal, approach and relation medical financial assistance are provided.

Decision: Medical facilities in government hospital must be provided to Nepali citizen with out any discrimination.

Foreign treatment facilities will be given in the basic of medical board recommendation & foreign embassy will pay the bill. Cash & continuous medical financial assistance will not be given.

Expenditure accounts are submitted for audit to office of auditor general with bill, receipt & evidence.

Issue: Home ministry's secret expenses.

Decision: Provisions are made for secret expenses also audit through high official of auditor general.

Issue: Pashupati temple's property (land, premises houses) management income of worship / revenue / rent / fee management, duties/ responsibility/ accountability/ facilities/ transparency of Bhatta (Priest) Bhandari (Assistance priest) & staff maintain through rule & regulation change etc.

Decision: Must maintain record of property of Pashupati temple (Cash, revenue, good)

-) Protection & preservation of land & main store of premises.
-) Make master plan & program.
-) Uses property in education & health.

) Facilities are provided for visitor

30 Recommendation are given for above issue of Pashupati temple.

- ✓ According to auditor general report 2060 to 2063. The civil servant who does not clear advance has taken legal action against him/her and clear advance.
- ✓ Lack of evidence & regular activities increasing irregularities has maintained evidence according to law & regulation & submitted to auditor general for post audit.
- ✓ Government must give reward for good performer of civil servant. Take action & penalize for fraud & irregularities.
- ✓ Government doesn't present quality assurance & quality assurance format. Do as auditor general report take action. If quality aren't proper or according to specification take of road action against them.
- ✓ Performance based contract management aren't well function-Ministry & road department concentrate on it.
- ✓ Consultant error & overpay- take action against consultant and public official.
- ✓ Nepal Construction Company & NEPCON has not done competition, work completion, advance clear; lack of policy it was happening. Policy formulations are complete & do as public procurement act & make them independent.
- ✓ No record of goods- Handover policy will be maintained& good must be recorded.
- ✓ Road department, sewage & water supply offices are co-ordinates for qualitative water supply & public service.

General discussion & recommendation are:

-) Maintain law & regulation as well as make financial law for new area or coverage.
-) Economic irregularities & misuses; concern official take responsibility & accountability.
-) Give direction to government entities for alternative policy.
-) Direction for proper uses of public fund or resources.

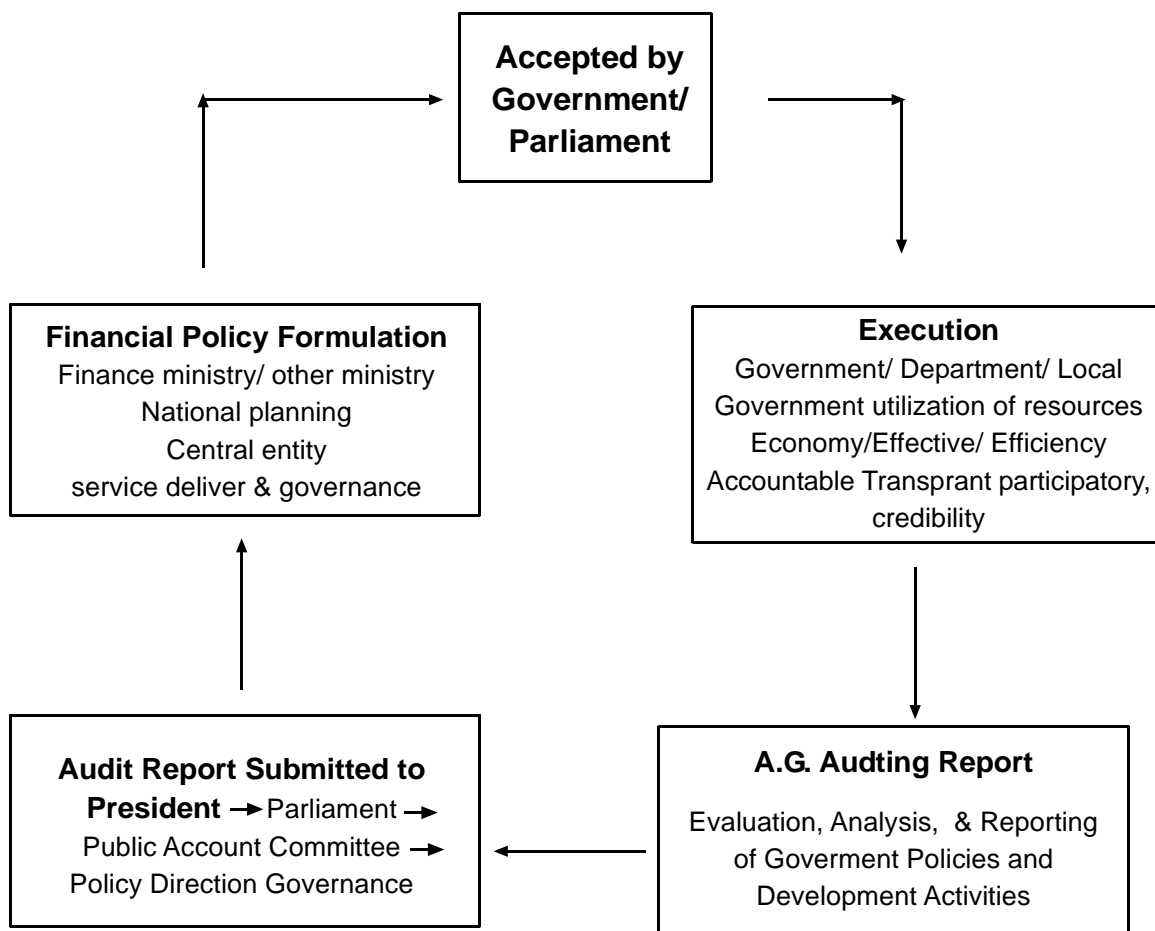
Discussion held in parliament committee make accountable responsiveness, obey of rule regulation to public official. Public account committee has contributed for healthy strong, neutral accountable, transparent & fair financial administration through discussion and direction according to audit finding & recommendation. Auditor general reporting of 3E of operation for realization of value for money and accomplishment of objectives with efficient use of resources promote transparency & accountability. This enables parliament to hold government. Responsible and accountable for these exercise of spending public money in promotion of the public interest & welfare. This will promote or ensure good governance & combating corruption

Associate challenge & probability in 3ES audit

-) Lack of information & data to analysis and evaluation as well as provided unnecessary information
-) Particular policy & system less significant from viewpoint of budgetary allocation. Management & stakeholder are not aware to governance.
-) Difficult in determining performance indicators and criteria lack of qualified manpower& audit staff.
-) Complication is precisely specifying accountability obligation and agency/official contributing actual success.
-) Public account committee does not pay attention to performance audit report.
-) Problem in specifying agency /official for specifying accomplishment
-) Audit plan & risk analysis, materiality are not proper, finding are not adequate.
-) Questionnaire's answer are manipulated and government entity focuses on legal compliance.
-) Sufficient competent and relevant evidence and observation's accuracy & benefits of performance auditing to secure their co-operation.
-) Delays in furnishing performance related information & offering practical recommendation.

) Integrating performance information with financial data to analysis implications of administrative and managerial decision.

Those challenges has in entity however well data system, information & skill manpower performance audit gives valuable suggestion & situation analysis makes organization/project effectiveness in achieving predetermined objectives, financial/physical/human resources are managed & project activities are carried out in a co-ordinate manner. Those process identity accountability relationship, easy to determine effectiveness & efficiency indicator. Roles responsibilities and accountability relationship of implementing agencies are clearly defined and their stakeholder. These is an efficient system of co-ordination between executing agencies & public in service delivered ensure good governance.

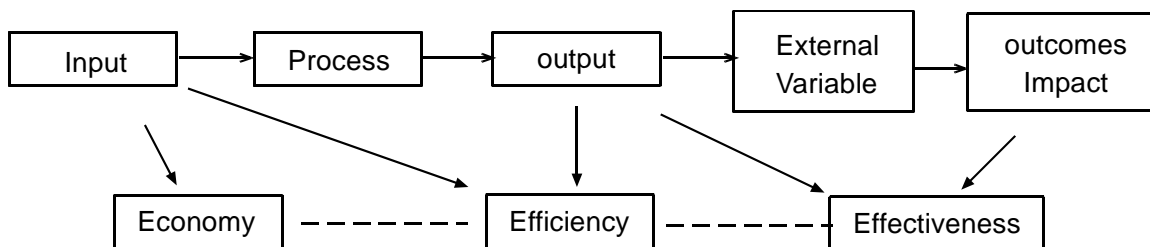


Do more with less compliance with standard distributive justice, priority based activities, value based management, and best practice in budget preparation &

execution and transparency accountability in transaction are the component of financial good governance.

Performance audit reducing irregularities, waste & in efficiency, recommends area for improvement policies, procedures, law & organizational structure, creates awareness among concerned official to make administrative, financial managerial and functional system competent, effective fair and appropriate, encourage officials to abandon judgmental style of working are contribution of performance audit.

Public accountability taken as yardstick for measuring the service delivery of public administrations and stewardship of the prudent management of public resources. Government of a country depends on the confidence or support of its people & these are constant credibility of government measured. So government are given emphasis on the delivery of public services and those governance system based on transparency and accountability. Transparency is regarded as cornerstone for promoting accountability. Performance audit of supreme audit institution attempts to evaluate broad areas of financial, managerial and program accountability and facilitating government to adopt proper policies for improvement of government financial affairs. Various recommendations or suggestions for improvements in executing financial and administrative processes, practices & legal provision it help to promote governance. Public accounts committee of the parliament issued several directives to the government pertaining to incorporation of preparation of budget, program, clearance of revenue areas & public, Service delivery & maintain governance.



Performance audit support governance

-) Reviewing progress and trend in the delivery of service output
-) Identifying current and potential problems and assessing their impact
-) Providing useful input to make decision on program budget an resources allocation
-) Enabling managers to control operational and reallocating resources.
-) Communication performance results to interested parties.

Effective governance is essential for a number of reasons (a) addressing the basic challenges facing a nation in an amicable manner (b) ensuring respect for human rights and dignity (c) curbing corruption and misuses of resources and (d) managers public affairs in a more responsible accountable and transparent manner. Effective governance make administration accountable credible, transparent & participatory. These are determines through performance audit & ensure good governance.

Chapter - V

FINDING, CONCLUSION, SUMMARY & SUGGESTIONS

5.1 Summary

Performance audit is audit of the economy, efficiency and effectiveness with which the audit entity uses its resources in carrying out responsibility. Independent, Integrity, neutrality & impartiality in audit system gives truth & fair report as well as good reporting to parliament. Parliament discussion make accountable to government. In this process democratic strengthening promote sustainable development, ensure accountability, promoting effectiveness of public program and organization as well management practice factor has ensure good governance.

In the process of analysis & reporting of performance auditing audit finding includes transparence accountability, credibility, rule of law, public service deliver, inclusion & participatory system etc. & proper use of resources. These are fundamental character of good governance, so performance auditing must be done for ensure good governance.

Performance auditing evaluation of result & impact of predetermined objectives & target in aspect of 3ES. Identifying management & control system of entity there commendation internal control & public accountability & rule of law & enhance. The accountability, predictability participate, transparency of executing agencies by providing information to public through the parliament. These way also performance audit promote good governance.

Governance is in the manner in which power exercised in the management of the country's economic & social resources for development. Good governance state rule of law, Participation transparency institutional

growth, sustainable development etc. Performance audit analysis of 3ES and audit report is submitted in parliament. It show uses of public property how efficiently, delivered of public service is adequate, propriety & inclusion in use of resources. People representative has been access in information about uses of public resources. People supremacy & people representative system function well & ensure good governance.

Performance audit has a great potential for good governance to Stakeholder (Parliament) donor & people looking forward for good result. The auditor general office has been given systematic, logical, open encouraging report & encourage audit entities will be maintaining governance in public sector. Audit staff must be skill, specialized, independent integrated, impartial & neutral.

There for we say performance audit is important for legislative or stakeholder access to all relevant information to assessment use of public resources & public services deliver system & constantly expressing their serious concern over the situation over the accountability, financial discipline & transparency & management credibility. So we say performance audit ensure good governance.

"Without good governance – without the rule of law, predictable administration, legitimate power, and responsive regulation – no amount of funding, no amount of charity will set the developing world on the path prosperity." So that we needs governance and performance audit ensuring good governance.

Performance audit is most important auditing system from which we ensure effective uses of limited public financial resources. Financial administration system & financial management are effective efficient & economic or not in using financial resources promotion transparency,

credibility accountability, participation & rule of law. Evaluation of intending result & impact with actual impact, public resource deliver partnership with stakeholder access of information and reporting to parliament. Parliament discuss with accountable minister secretary and other official. Investigation, research & discussion help to responsiveness to their accountability. Proper uses of resource rule of law appropriate service deliver minimize fraud corruption & irregularities through economy, efficiency & effectiveness analysis and make manger to transparent, accountable through performance audit & ensure good governance is strength.

Performance audit need highly professional skill specialized auditing manpower. Training for increasing skill & updated them. Performance auditing guideline must formulated in international standard & practicable. Auditors are motivated and fringe benefits are offered. Research & investigation skill knowledge & capacity building program are conduct for performance audit. Financially problem for their work, timely report aren't presented in parliament. Unable auditors are engaged in performance audit job. Neutrality, independency & impartiality of auditor aren't providing. There are budgetary problem. Some irregularities audit findings are repeated yearly. Audit evaluation technique use by auditor in difference way in different audit entity. Audit isn't based in international practice lake of monitoring agency audit is less qualitative evaluation technique & practice are traditional no scientific tool or guideline for audit. These problem demerit for analysis of economy, efficiency effectiveness & ensure good governance is weakness.

5.2 Finding/Conclusion

Above study & research we can find the following finding above data study helps us to what are relation among good governance & performance audits.

1. Good governance is the good political, social, Ethical, cultural, managed Environment administrate legal system provide to people without harassment by government. Performance audit analysis those through 3ES & reporting.
2. Through performance, audit accountable to government body, public enterprise & legal government in his financial activities & uses of resources & its transparency in uses of resources.
3. Public resources are property of common citizen or people. Good governance is also accountability bear in these resources. Economic, efficiency effectiveness analysis of performance audit research has monitoring, reporting with recommendation, warn for misuses of resources. Protection of human right balance of power make good governance in public sector by performance audit.
4. Corruption lack of information is bad situation for good governance. Performance audit report help policy maker & management to maintain financial efficiency & effectiveness. Audit report help to make qualitative pro-public, efficient financial management which give satisfaction to public. Public satisfaction is one of measure of good governance.
5. Development is interrelated objective of good governance. Economical social, justice way of uses & distribution of resources are primary function of government. Performance audit evaluate it in proper way.
6. Performance audit play role of promotional, curative & decisive in public sector management reform. Police maker, parliament & management have access to information of public sector management result & recommended to quality improvement.
7. Performance audit sector auditor general submitted report to parliament. It shows uses of public property how efficiently, deliver of public service is adequate properly of use of resources (physical, human,

financial). People representative has been access in information about uses of public resources on behalf of them. This system promotes people supremacy & people representative ruling system function well & pure assurance of good governance.

8. Transparency, accountability, credibility, participation are beauty of good governance. Performance audit transparency in use of public resources in right way or not. Performance can be monitored measure and lines of accountability are clear. Participates in democratic government is essential. All part & sector participation is needed. Audit helps to maintain credibility to their performance.
9. Government institution according to clear and accessible rule (1) that make government official and agencies accountable & accessible rules (1) that makes government officials agencies accountable to the country's citizens & predictability & stability that need to function efficient & productively.

Audit of efficiency evaluate relationship & help the output in terms of good service or the results and the resources used to produce them. Through effectiveness evaluate relationship between intended impact & the actual impact.

10. Propriety of all authorization issued in any grant of national property, revenue, license etc. Performance audit evaluate of results & recommendation internal control & public accountability.
11. Supreme audit institution; evaluate accountability through their responsiveness to stockholder enhancing public sector investment.
12. Participation of poor disables the minorities, the woman opportunity less, ethnic & lower caste, people must be considering by nation. Performance audit result oriented audit it verified it.
13. Governance is the manner in which power exercised in the management of the country's economic & social resources for development. Good

governance stated sustainable development, social development rule of law, institution growth. It is verified by 3E's it in performance auditing.

14. Good governance embodies process that the participatory consensus oriented, accountable transparent responsiveness & efficient & inclusion & which follow the rule of law. Performance report indicates efficient, effective, equitable, economic uses of resources & management activities.
15. Condition of good governance streamline the planning and programming function at the entity & strategic level, improve monitoring and review process, introduce the system of self assessment by auditor & improve the relation with auditees & client. A adequate & efficient allocation of resources, identify priority & strategically important issue, allocate adequate resources for significant priority issue, determine expected output & monitor progress periodically and identify divergence. Performance audit above evaluation process ensure fulfillment of condition of good governance or not. Parliament member (people representative) stakeholder discuss on report of A.G. It helps to ensure good governance.
16. Regularity audit conduct only to ensure expenses are done according to law or not but efficiency, economy effectiveness is measure in performance audit. Performance audit evaluate result. Results are based in good governance.
17. The financial transaction comply with exiting laws & the evidence relating to item of income & expenditure are sufficient, account has been maintain in prescribe from or not inventory management in proper way or not the arrangement for protection and management of government property is adequate or not are scope of regularity audit. It only verification activities. If financial transactions aren't it varied with related law & evidence then it reported as irregularities but performance audit directly related to economy, efficiency & effectiveness analysis

trait between intended result & impact with actual impact & result. So that performance audit better deal with good governance.

18. Performance audit evaluation economy, efficiency & effectiveness. Context of social value ethical pattern, organization culture, stakeholder attitude difficulties for analyzing economy & effectiveness in uses of financial resources national security, social value & justice process can't evaluate in term of money only equity are evaluate.
19. Transparency, participation, credibility aren't absolute evaluate through economy efficiency & effectiveness. These are evaluation in relative term.
20. Financially, performance audit need more time & cost. It is need highly professional & specialized manpower to evaluate result & impact. Difficulties to analysis all activities & some time practical assessment & evaluation gives negative or generalize result. Which has low impact in ensure good governance.
21. Regularity audit express an opinion on the financial statement of the audited organization as a whole present report fairly, in all material aspect, financial position of organization the result for the years then ended as well as conformity with applicable accounting principles.

Monitoring evaluation of auditor established in supreme audit institution with norms and values except regular provision. It is also complicate & resources consuming. Training in speculator job. Training must be increase efficiency of audit auditor & updated them.

Manager or government officials are responsiveness in their activities maintain above. Their way performance audits ensure good governance.

Therefore we say transparency, credibility participatory accountability in government financial activities & managerial execution of service delivers,

proper uses of resources, maintain of rule of law, responsiveness, consensus oriented equity, effective & efficiency in activities, strategic vision, people supremacy, inclusion, effectively service deliver independent insidious, legitimate government act, information access & information access to stakeholder are evaluate by performance audit. Evaluation economic & social activities in term of economy efficiency & effectiveness as well as minimize malpractices & misappropriations of resources through property. Report submitted to parliament & democratic country's people representative discuss in there matter. Discuss held in economic social ethical legal factor. Research investigations, asking to accountable personality, discussion transmit transperance, accountable credibility.

Difference problem in uses of financial resources in proper way is aspect of fraud-corruption, irregularities in public fraud sector. Participation of all citizens in public fund, accountability, transparency credibility of institution are measured and impact analysis & inform to parliament or people representative. Make governance in local & central level is opportunity. Performance audit conduct by using environmental factor new trend technique of audit information technique by reporting maintain quality neutrality independency as well as good & reliable ensure good governance is also opportunity.

Public has expectation to performance audit report, for minimize fraud, malpractice, corruption as well as information about proper uses of public resources & their tax. Independent audit & specially 3E audit help to result & impact analysis & make accountable & responsiveness for official. Motivated them to good execution of policy public & public service deliver in fever of them & feel good governance is treat for it.

Therefore we say that performance auditing evaluation planning & designing management & managerial system, progress & input, economy &

efficiency in management system organization structure & staffing pattern, management control and information system, Cost control monitoring system, effectiveness in evaluation, goal analysis, impact analysis sustainability analysis. It observed & report cost & over run unnecessary cost burden, design failure & without design construction work, Project activities disrupted due to lack of clear assessment of responsibility service delivered system, participation situation, accountability & credibility of job. These report to people representative. People representative take action & promotion public welfare. It ensures the good governance; so we say.

- i) There is significant of performance audit ensure good governance
- ii) There is significant difference between economy, efficiency & effectiveness with regularity to ensure gold governance
- iii) There is associate challenge & probability of risk to ensure good governance through performance audit.

Capacity of government to design formulates and implement policies and discharge functions. Good governance fosters a path for strong and stable economic development poor governance could adversely affect market, Capital inflow investment economic growth & sustainable development. Effective formulate execution, monitoring system is evaluation in auditing through 3E or performance audit. So we say performance audit ensure good governance.

5.3 Recommendation/Suggestion

This recommendation/suggestion bases on study of different book of auditing, account, good governance, professor note of public administration collage international journal of auditing & accounting as well as above research finding & conclusion. I hope that if we follow these recommendations we can ensure good governance in public sector through supreme Audit institution's performance auditing reporting.

- J Concept of accountability maintains is legal framework, organization structure, legal accountability, strategies, process & work. For that auditor analysis of 3E's those activities & representing report. So that auditor must consideration performance & impact/result analysis as well as auditors own self-performance & report impact. Codes of conduct are established for auditor.
- J Supreme audit institution has performed their responsibilities, accountability & duty, used right in transparent & accountable way. Well defined of audit objective, scope & procedure.
- J Performance audit institution performed audit in uniformity way. Auditor maintains neutrality Independence liberty & impartiality in his duty. Audit institution has given financially independence from executive.
- J Performance audit must be conduct based on audit guideline & practice. Indication & evaluation process must be formalized in audit guideline in analysis of economy, efficiency & effectiveness.
- J The audit of each & every branch of government offices is to be carried out which has affected in timely completion of quality audit report. Feeling of accountability of government authorities and encourages towards timely audit.
- J Controversy in audit report & practice harmonizing the relation between auditors and audited.
- J Regular public report on performance, competent and effective institution and instruments for scrutinizing such report.
- J Credibility of government dependent largely on the effectiveness of its activities, forward looking responsible and stable outlook on issues relating to administration and development. Performance audit must evaluate & report on base of 3E (policy formulation, execution and policy/executive output or progress)

- J Effectiveness governance requires mutual trust between manager's and owners of public resources. Performance audit report answerable to concerned entities for any lapse in operation system or procedure. Highest degree of responsibility loyalty and efficiency should remain accountable to people. 3Es analysis of audit report must ensure them.
- J National development is a continuous and participatory process. It becomes smooth and efficient with the help of efficient governance, which needs accountable. Public program & its activities to respective stakeholder and in a border hence to public. Performance audit must ensure these.
- J The confidence of the people in the public officials who serve or govern them daily depends on the manner public resources are managed expended and account for. Right & appropriate uses of resources conform by performance audit.
- J Performance audit report will be improvised & rooting out inefficiency particularly in public sector. Decentralized or local governance are effective or not must report. Report on law enforcement mechanism, transparency in enhances public policy.
- J Sustainable development & environment impact in development process of government access through audit by efficiency, effectiveness economy & report.
- J Performance audit also report monitoring & evaluation part of government in execution of program& its impact in goal achievement.
- J Parliament must take action which government agency foil to maintain economy efficiency & effectiveness according to performance audit report. Government establishes audit court to take action against irregularities.
- J Conduct audit neutral, independent, impartial & fair with using scientific tool & technique. Timely reporting & public hearing has been done before final reporting.

- J Performance audit has been reported more practically & realistic, acknowledge with each country, individual need & public expectation & burnet, issue & easy to take action against it & will help to maintain good governance.
- J Audit report should be balanced & relevant. Audit finding conclusion & recommendation should be bases on documented facts & figures.
- J Performance audit must be evaluated management performance, fiscal compliance, financial viability, and sustainable development and give information about cost of service proved to people.
- J Performance audit report of auditor general taken into discussion in public account committee in parliament & take corrective measures for irregularities & panelizes for fraud, abuse and illegal act.
- J Democratizing the governance is to make enough arenas of self governance function at the local level envisaging a wide array of local self governing primary societies to take over their an governance responsibilities. Effectiveness & efficient participation, exercise of society role & credibility in their society are evaluated in audit & to make/ensure good governance.
- J Good governance seeks at least a minimum decent standard of living all. Good governance includes transparency, accountability ethics, integrity, equity & public service delivers & rule of law credibility etc. Effective & efficient in those sector & economic use public resources must be evaluate with result oriented activities by performance audit & recommended to promote good governance much better.
- J Performance audit must be assessment of result or output & fund malpractice & corruption activities then public through report. Make easy to access report by public. Public hearing has done & publicly discussion of performance report.

Nation must perform performance audit for ensure good governance.

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