

This thesis involves a study of the nature of operations of governmental revolving funds for the purpose of developing a guideline for performance audit of the funds, to be used by individual funds to evaluate the efficiency and effectiveness of the funds operations, as well as compliance with relevant laws and regulations, which evaluations cannot be achieved through performance of financial audits. The thesis also examines regulations and objectives of establishing the funds, and systems of operations of the various types of funds, by reference to regulations and inquiries of personnel who have managerial and supervisory responsibilities for the funds. Relevant data is also collected from texts and personnel with experience in performance audit.

The results of the study summarise the revolving funds into five categories according to their nature and objectives namely (1) Lending money, (2) Rental or hire purchase sale of assets, (3) Installment sale of assets, (4) Providing guarantee facilities, (5) Purchasing, manufacturing and sales. The study proposes guidelines for performance audit covering seven phases namely (1) Selection of projects or activities subject to audit, (2) Preliminary review of information, (3) Evaluation of internal control, (4) Development of audit programs, (5) Performing the audit, (6) Preparation of workpapers, (7) Reporting and follow up. The proposed evaluation of internal control covers specifically administrative controls e.g., establishment of objectives, standards of work performance, organisation structure and division of duties. This aspect of the study utilises questionnaires and interviews. The proposed development of audit programs covers three sections namely (1). Evaluation of effectiveness i.e., comparing operational results with set objectives, (2) Evaluation of efficiency and economy i.e., comparing operational results of one fund with similar fund(s) or prior year(s) or with set standards of performance, (3) Evaluation of compliance with the law and regulations i.e., comparing operational procedures and performance with the law and regulations set by the funds or the Ministry of Finance. The objectives of performance audit proposed by this study are to identify problems, their causes and effects, and to propose recommendations for improvements which would result in improved efficiency and effectiveness in the operations of the revolving funds.