

## CHAPTER IV

### 4.1 Follow up on Audit Reports

Audit Reports of the CAG represent the culmination of the process of scrutiny of accounts and records maintained in various offices and departments of CPSEs. It is, therefore, necessary that appropriate and timely response is received from the executive on the audit findings included in the Audit Reports.

The Lok Sabha Secretariat requested (July 1985) all the Ministries to furnish notes (duly vetted by Audit) indicating remedial/corrective action taken by them on various paragraphs/appraisals contained in the Audit Reports (Commercial) of the CAG as laid on the table of both the Houses of Parliament. Such notes were required to be submitted even in respect of paragraphs/appraisals which were not selected by the Committee on Public Sector Undertakings (COPU) for detailed examination. The COPU in its Second Report (1998-99-Twelfth Lok Sabha), while reiterating the above instructions, recommended:

- setting up of a monitoring cell in each Ministry for monitoring the submission of Action Taken Notes (ATNs) in respect of Audit Reports (Commercial) on individual Public Sector Undertakings (PSUs);
- setting up of a monitoring cell in Department of Public Enterprises (DPE) for monitoring the submission of ATNs in respect of Reports containing paras relating to a number of PSUs under different Ministries; and
- submission to the Committee, within six months from the date of presentation of the relevant Audit Reports, the follow up ATNs duly vetted by Audit in respect of all Reports of the CAG presented to Parliament.

In the meeting of the Committee of Secretaries (June 2010) it was decided to make special efforts to clear the pending ATNs/ATRs on CAG Audit Paras and PAC recommendations within the following three months. While conveying this decision (July 2010), the Ministry of Finance recommended institutional mechanism to expedite action in the future.

While reviewing the follow up action taken by the Government on the above recommendations, the COPU in its First Report (1999-2000-Thirteenth Lok Sabha) reiterated its earlier recommendations that the DPE should set up a separate monitoring cell in the DPE itself to monitor the follow-up action taken by various Ministries/Departments on the observations contained in the Audit Reports (Commercial) on individual undertakings. DPE informed

(March 2015) that a separate monitoring cell had been set up to monitor the follow up on submission of ATNs by the concerned administrative Ministries/Department. DPE also informed that they had also requested all the concerned departments having jurisdiction over CPSEs to set up Monitoring Cells in their department.

A review in Audit revealed that ATNs in respect of 15 paragraphs pertaining to Defence PSUs were pending as of March 2017 (**Annexure IV**) of which ATNs for 4 paragraphs were not received at all (**Annexure V**).

**New Delhi**  
**Dated : 29 May 2017**

  
**(NAND KISHORE)**  
**Deputy Comptroller and Auditor General**

**Countersigned**

**New Delhi**  
**Dated : 29 May 2017**

  
**(SHASHI KANT SHARMA)**  
**Comptroller and Auditor General of India**