

CHAPTER V: FOLLOW UP OF AUDIT OBSERVATIONS

5.1 Follow-up action on Audit Reports

As per instructions issued by the Finance Department (June 1996), concerned Administrative Departments are required to prepare an Explanatory Note on Paragraphs/Reviews included in the Audit Reports indicating the action taken or proposed to be taken and submit the 'Action Taken Notes' to the Assembly Secretariat with a copy to (1) Accountant General and (2) Secretary, Finance Department, within three months from the date of receipt of the Report.

As per decision taken on "Legislature Audit Interface" held on July 5, 2010, every State PAC/COPU has been directed by Headquarter to transfer outstanding Reports/Paras up to 2007-08 to concerned Departments for follow-up action at their end. As such, this Office transferred 144 Paras pertaining to the period from 1994-95 to 2007-08 in 2011-12 for Action Taken by them, but no Action Taken Report has yet been received from the concerned Departments (December 2012). However, review of the outstanding Explanatory Notes on paragraphs included in the Reports of the Comptroller and Auditor General of India from 2008-09 to 2011-12 revealed that the concerned Administrative Departments did not comply with these instructions. As of March 2013, *suo moto* Explanatory Notes on 144 Paragraphs of the Audit Reports were outstanding from various Departments (**Appendix-5.1**).

The Administrative Departments were also required to take suitable action on recommendations made in the PAC Reports presented to the State Legislature. The PAC specified the time-frame for submission of such ATNs as one month up to the 61st Report. Review of 18 Reports of the PAC containing recommendations on 89 Paragraphs in respect of 19 Departments included in Audit Reports and presented to the Legislature between September 1994 and September 2012, revealed that no Department sent any ATN to the Assembly Secretariat as of December 2013. Thus, status of the recommendations contained in the said Reports of the PAC, and whether these were being acted upon by the Administrative Departments, could not be ascertained in audit.

5.2. Audit Committee Meetings

No Audit Committee Meeting was held during 2012-13.

5.3 Respond to Audit Observations

597 Paragraphs pertaining to 124 Inspection Reports, involving ₹ 220 crore were outstanding as of March 2012 and first replies to the said Inspection Reports have not been received.

Accountant General (AG) conducts periodical inspection of Government Departments to

test-check transactions and to verify maintenance of important accounting and other records as per prescribed rules and procedures. When important irregularities detected during inspections are not settled on the spot, they are included in Inspection Reports (IRs) that are issued to concerned Heads of Offices, with a copy to the next higher authority and the Government. Government instructions provide for prompt response to IRs by the executive to ensure timely remedial action in compliance to prescribed rules and procedures and to fix responsibility for serious lapses pointed out in IRs. Serious irregularities are also brought to the notice of concerned Heads of Departments by the Office of the Accountant General. A half-yearly report of pending IRs is sent to the Commissioner/Secretary of the Department to facilitate monitoring of the audit observations in the pending IRs.

As of March 2014, 502 Paragraphs relating to 109 IRs pertaining to 53 offices of three Departments remained outstanding. Of these, 02 IRs consisting of 09 Paragraphs were not replied to/settled for more than nine years. Even initial replies, which were required to be received from the Heads of Offices within one month from the date of issue were not received from twenty offices for 189 Paragraphs of 30 IRs issued between 1994-95 to 2013-14. As a result, the following serious irregularities commented upon in the IRs were not settled as on date:

Sl. No.	Nature of Irregularities	Public Health Engineering Department		Urban Development and Housing Department		Education Department	
		No. of Paras	Amt	No. of Paras	Amt	No. of Paras	Amt
1.	Local Purchase of stationery in excess of authorized limits and expenditure incurred without sanction.	-	-	4	8.6	6	69.21
2.	Non-observance of rules relating to custody and handling of cash, position and maintenance of Cash Book and Muster Roll.	3	13.56	-	-	41	77.51
3.	Delay in recovery /non-recovery of Department receipts, advances and other recoverable charges.	32	406.77	20	492.582	11	53.41
4.	Drawal of funds in advance of requirement, resulting in retention of money in hand for long period.	3	212.06	1	58.36	16	130.96
5.	For want of DCC Bills.	-	-	5	263.03	7	2939.36
6.	For want of APRs	-	-	1	119.66	12	665.82
7.	Non-maintenance of proper Stores Accounts and non-conducting of physical verification of stores.	9	122.60	-	-	10	19.80
8.	Utilization Certificates and accounts certified by Audit in respect of Grant-in-aid not furnished.	-	-	1	26.72	3	1514.24

Sl. No.	Nature of Irregularities	Public Health Engineering Department		Urban Development and Housing Department		Education Department	
		No. of Paras	Amt	No. of Paras	Amt	No. of Paras	Amt
9.	Sanction to write off loans, losses, etc. not received.	2	29.19	2	118.74	5	42.34
10.	Idle investment	14	428.61	4	17.39	19	1117.52
11.	Excess/Extra Expenditure	39	687.32	20	1012.565	28	3313.79
12.	Others	50	1468.29	44	12812.3	90	6745.50
TOTAL		152	3368.40	102	14929.95	248	16689.46

Commissioners/Secretaries of concerned Departments who were informed of the position through half-yearly reports, failed to ensure that concerned officers of Departments took prompt and timely action. It is recommended that the Government look into this matter and ensure that:

- action is taken against officials who fail to send replies to IRs/Audit Paragraphs as per prescribed time schedule;
- action is initiated to recover losses/outstanding advances/overpayments pointed out in audit in a time bound manner; and
- there is a proper system for expeditious compliance to audit observations.

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