

CHAPTER-V

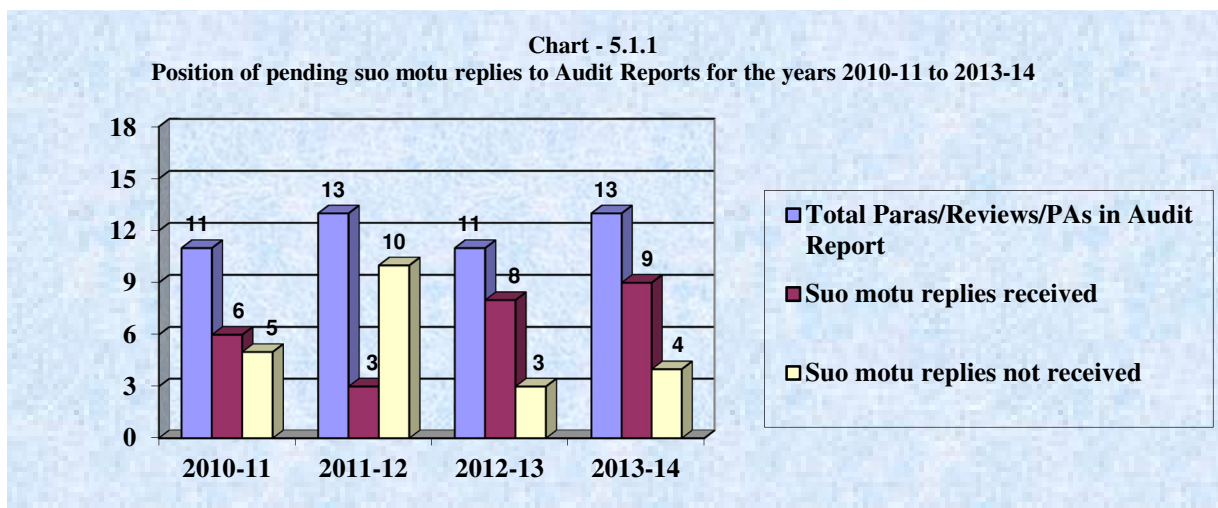
FOLLOW UP OF AUDIT OBSERVATIONS

CHAPTER V : FOLLOW UP OF AUDIT OBSERVATIONS

5.1 Failure to submit *suo motu* explanatory notes

Every year Reports of the Comptroller and Auditor General of India are prepared and presented to the State Legislature. To ensure accountability of the executive about the issues contained in these Audit Reports, the Public Accounts Committee (PAC) of the Meghalaya Legislative Assembly issued instructions (July 1993) for submission of *suo motu* explanatory notes by the concerned administrative departments within one month of presentation of the Audit Reports to the State Legislature.

As of March 2015, 13 departments (civil departments including Public Works Department) did not submit *suo motu* explanatory notes on 17 paragraphs and five Performance Audits (PAs) included in the Audit Reports (Civil & Commercial) for the year 2010-11 and Audit Reports (Social, Economic, General and Economic (PSUs) Sectors) for the year 2011-12, 2012-13 and 2013-14, details of which are given below:



5.2 Response of the departments to the recommendations of the Public Accounts Committee

The administrative departments were required to take suitable action on the recommendations made in the Report of the PAC presented to the State Legislature. Following the circulation of the Reports of the PAC, the departments were to prepare action taken notes (ATNs) indicating action taken or proposed to be taken on the recommendations of the PAC and submit the same to the Assembly Secretariat. The PAC specified the time frame for submission of such ATNs as six weeks up to 32nd Report of the PAC and six months in 33rd Report. Review of 16 Reports of the PAC involving 14 departments (containing recommendations on 57 paragraphs of Audit Reports) presented to the Legislature between April 1995 and March 2012 (16

Reports)¹, revealed that none of these departments had sent the ATNs to the Assembly Secretariat as of March 2015. Thus, the fate of the recommendations contained in the Reports of the PAC and whether they were being acted upon by the administrative departments could not be ascertained in audit.

5.3 Monitoring

The following Committees have been formed at the Government level to review the follow up action on Audit Reports and explanatory notes.

5.3.1 Departmental Audit & Accounts Committee

Departmental Audit & Accounts Committee (DAAC) had been formed (August 2009) by all departments of the Government under the Chairmanship of the Departmental Secretary to review and oversee the progress in disposal of pending inspection reports, audit matters pertaining to Public Sector Undertakings, follow up action on Audit Reports and explanatory notes to PAC/COPU, *etc.* The DAAC were to hold meetings quarterly.

Two DAAC meetings were held during 2014-15 wherein 15 Inspection Reports, (IRs) containing 71 paragraphs were discussed and 03 IRs, containing 13 paragraphs were settled.

5.3.2 Apex Committee

An Apex Committee (State Audit and Accounts Committee) had been formed (August 2009) at the State level under the Chairmanship of Chief Secretary to review and oversee the progress in disposal of outstanding audit objections, timely furnishing of explanatory notes to PAC/ COPU, other accounts or audit related matters *etc.* The Apex Committee was to meet at half yearly intervals.

The details of the Apex Committee meetings held during 2014-15 were awaited (January 2016).

5.3.3 Outstanding Inspection Reports (IRs)

The Meghalaya Financial Rules, 1981 provide for prompt response by the executive to the IRs issued by the Accountant General (Audit) of the State (AG) to ensure rectificatory action in compliance with the prescribed rules and procedures and accountability for the deficiencies and lapses noticed during inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their

¹ Between April 1995 and December 1997 (10 Reports), in June 2000 (one report), April 2005 (one report), April 2007 (one report), March 2010 (one report), March 2011 (one report) and March 2012 (one report)

compliance to the AG. Serious irregularities are also brought to the notice of the Heads of the Department by the AG through a half-yearly report in respect of pending IRs to facilitate monitoring of the Audit observations and for taking appropriate corrective action. At the end of March 2015, 586 IRs involving 2734 paragraphs pertaining to the period 1989-90 to 2014-15 were outstanding.

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