

CHAPTER III

FOLLOW-UP OF AUDIT OBSERVATIONS

3.1 Follow-up on Audit Reports

As per the recommendations made by the High Powered Committee⁴³, *suo moto* explanatory notes on corrective/remedial measures taken on all paragraphs included in Audit Reports are required to be submitted by the Departments duly vetted by the Accountant General (Audit), Manipur to the Public Accounts Committee (PAC)/Committee on Public Undertakings (CoPU) within three months⁴⁴ from the date of placing of Audit Reports in the Legislature.

Audit Reports for the year 2015-16 featured five Performance Audits and sixteen Compliance Audit paragraphs under Social Sector, General Sector (Report No. 1 of 2017), Economic Sector (other than State PSUs), Economic Sector (State PSUs) and Revenue Sector (Report No. 2 of 2017); out of which *suo moto* explanatory notes pertaining to one Performance Audit and three Compliance Audit paragraph had been received within the stipulated period of three months. However, in respect of earlier Audit Reports for the years 1999-2015, *suo moto* explanatory notes pertaining to 354 Performance Audits and Compliance Audit paragraphs were not received within the stipulated period of three months either from the Departments or through the Manipur Legislative Assembly Secretariat.

3.2 Action taken on the Recommendations of 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, Heads of Departments were to prepare comments on action taken or proposed to be taken on the recommendations of the PAC and submit the same to the State Assembly Secretariat.

As of December 2017, the PAC had published 34 Reports on the findings in the Audit Reports, in addition one Report on spot visit and nine Reports on regularisation of excess expenditure were also published by the PAC. These Reports altogether contained 1,506 recommendations based on the examination of Audit Reports by the PAC. In respect of 10 Reports (1st Report to 10th Report) of the PAC containing 518 recommendations and 11 Reports (21st to 37th Report, excluding five Reports on excess regularisation and one Report on

⁴³ High Powered Committee appointed to review the response of the State Governments to the Audit Reports of the Comptroller and Auditor General of India (Shakdher Committee Report).

⁴⁴ *Suo moto* replies to be furnished within three months; in case Audit paragraphs are not selected by the PAC/CoPU during this period.

Spot visit containing 219 recommendations, the Action Taken Notes (ATN) had been received and the PAC had published its subsequent reports on the ATN. Of the remaining 769 recommendations, no ATNs were received.

3.3 Monitoring of Audit Observations

The following committees had been formed at the Government level to monitor the follow-up action on audit related matters:

Departmental Audit and Accounts Committees: Departmental Audit and Accounts Committees (DAAC) was formed (January 2010) by all Departments of the State Government under the Chairmanship of the concerned Departmental Administrative Secretary to monitor the follow-up action on audit related matters. The function of the DAACs were to monitor the progress in disposal of the outstanding audit paras and Inspection Reports issued by the Accountant General (Audit), Manipur and to review and supervise the working of the Departmental Audit and Accounts Sub-Committees constituted. The DAACs were to hold meeting once in three months. During 2016-17, no meeting of the DAACs was held.

State Audit and Accounts Committee: State Audit and Accounts Committees (SAAC) was formed (January 2010) at the State Level under the Chairmanship of the Chief Secretary to monitor the progress in disposal of outstanding audit objections and pending Inspection Reports and to review and oversee the working of the Departmental Audit and Accounts Committee (DAAC). The SAAC was to meet once in six months. During 2016-17, no meeting of the SAAC was held.

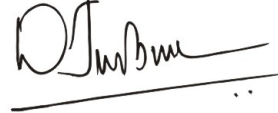
3.4 Response to Audit Observations and outstanding Inspection Reports

The Accountant General (Audit), Manipur arranges to conduct periodical inspections of Government Departments to test-check transactions and verify the maintenance of accounts and other records according to prescribed rules and procedures. When important irregularities detected during the inspections are not settled on the spot, Inspection Reports (IRs) are issued to the Heads of the concerned Offices with a copy to the next higher authority.

As of March 2017, 2,525 Inspection Reports issued from 2003-04 onwards were outstanding for settlement. Even the initial replies, which were required to be received from the Heads of Offices of the Government Departments within four weeks from the date of issue of IRs were not received.

It is recommended that the Government may review the matter and ensure that an effective system exists for:

- (a) Sending replies to Audit within the prescribed time schedule; and
- (b) Recovering losses/outstanding advances/ overpayments in a time bound manner.



Imphal
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