

CHAPTER – VI
FOLLOW-UP OF AUDIT
OBSERVATIONS

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6.1 Follow-up action on Audit Reports

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

As per decision taken in the national level conference on “Legislature Audit Interface” held in July 2010, State PAC/CoPU had transferred 144 Paras pertaining to the period from 1994-95 to 2007-08 to the State Government for their follow up. But no Action Taken Report on these have been received from the concerned Departments (March 2016).

Further, as regard submission of *suo motu* Explanatory Notes on paragraphs included in the Reports of the Comptroller and Auditor General of India from 2008-09 to 2014-15, it was noticed that the concerned Administrative Departments did not comply with the time frame. As of March 2016, *suo moto* Explanatory Notes on 157 Paragraphs of the Audit Reports were outstanding from various Departments (**Appendix-6.1.1**).

The Administrative Departments were also required to take suitable action on the recommendations made in the PAC/CoPU Reports presented to the State Legislature. The PAC specified the time frame for submission of Action Taken Notes (ATNs) as one month up to the 68th Report. Review of 16 Reports of the PAC containing recommendations on 90 Paragraphs in respect of 25 Departments included in Audit Reports and presented to the Legislature between September 1994 and September 2015 revealed that no Departments sent any ATNs to the Assembly Secretariat as of March 2016. 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 (**Appendix-6.1.2**).

6.2 Audit Committee Meeting

No Audit Committee Meeting was held during 2015-16.

6.3 Response to Audit Observations

3,774 Paragraphs pertaining to 702 Inspection Reports, involving ₹ 1633.80 crore were outstanding as of March 2016 and first replies to the 231 Inspection Reports have not been received.

Principal Accountant General (PAG) 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 2016, 3,774 Paragraphs relating to 702 IRs pertaining to 337 offices of 57 Departments remained outstanding. 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 164 offices for 231 IRs issued between 1991-92 to 2015-16. A review of outstanding IRs in three Departments indicated serious irregularities which were pending settlement as given below:

(₹ in lakh)


Sl. No	Nature of irregularities	Animal Husbandry & Veterinary		Rural Works Department		Water Resources Department	
		No. of Para	Amount	No. of Para	Amount	No. of Para	Amount
1	Unfruitful Expenditure	1	25.00	4	725.89	1	359.41
2	Avoidable Expenditure	1	6.48	3	267.57		
3	Violation of Prescribed Government norms	1					
4	Execution of work without inviting tender	1		2	242.67	2	117.81
5	Short realization of VAT/Security deposit	1	1.71	20	1575.18	4	21.91
6	Idle investment	2	57.00	1	239.93		
7	Doubtful Expenditure	1	13.00	7	332.21	2	89.70
8	Non accountal of closing balance	1	16.91				
9	Excess Expenditure			8	1239.81	4	1453.46
10	Undue favour to contractor			7	354.35	1	160.17
11	Diversion of Government money			1	138.97	2	130.45
12	Execution of work without provision in original estimate			1	1.17	1	40.00
13	Irregular/Inadmissible expenditure			9	1463.35	1	18.09
14	Short/Less utilization of materials			1	2.75	1	
15	Delay in completion of work			1			
16	Unauthorized Expenditure			3	12.95		
17	Diversion from Technical sanction			8	235.75		
18	Expenditure exceeding prescribed Limits			12	633.18		
19	Short/ non execution of items work			2	28.20		
20	Wanting Records			2	77.90		
21	Irregular grants of Mobilization advance			1	12.06		
22	Non imposition of liquidated damage			3	544.74		
23	Observation on CSS			4	867.52		

Sl. No	Nature of irregularities	Animal Husbandry & Veterinary		Rural Works Department		Water Resources Department	
		No. of Para	Amount	No. of Para	Amount	No. of Para	Amount
24	Improper issue of materials/excess procurement			3	21.09		
25	Irregular issue of work order			1	246.14		
26	Other minor irregularities	8		32	180.97	4	
Total		17	120.10	136	9444.35	23	2391.00

Commissioners/Secretaries of concerned Departments were informed of the position through half-yearly reports. It is recommended that the Government may look into this matter and ensure that:


- replies to IRs/Audit Paragraphs are sent as per prescribed time schedule; and
- losses/outstanding advances/over payments pointed out in audit are recovered in a time bound manner.

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Dated: the


(John K. Sellate)
Principal Accountant General
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Countersigned

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Dated: the


(Shashi Kant Sharma)
Comptroller and Auditor General of India

