

CHAPTER-IV

FOLLOW UP OF AUDIT OBSERVATIONS

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4.1 Failure to submit *suo motu* explanatory notes

The Reports of the Comptroller and Auditor General of India are prepared and presented to the State Legislature. To ensure accountability of the Executive to 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 in the State Legislature. **Table 4.1.1** shows the position of *suo motu* explanatory notes not received as on 31 December 2019:

Table 4.1.1: Explanatory notes not received (as on 30 December 2019)

Year of Audit Report	Date of placement of Audit Report in the State Legislature	Total performance audits (PAs) and Paragraphs in the Audit Reports		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2010-11	23 March 2012	3	14	Nil	1
2011-12	09 October 2013	2	13	Nil	5
2012-13	16 June 2014	3	12	1	2
2013-14	24 September 2015	3	16	Nil	1
2014-15	23 March 2016	3	13	Nil	4
2015-16	24 March 2017	3	9	1	3
2016-17	27 September 2018	3	7	2	1
2017-18	19 December 2019	2	8	2	8
Total		22	92	6	25

4.2 Discussion of Audit Reports by PAC/COPU

Of the 22 PAs and 92 compliance audit paragraphs listed in **Table 4.1.1**, as of 31 December 2019, the PAC discussed 17 compliance audit paragraphs and the Committee on Public Undertakings (COPU) discussed 16 paragraphs. While the PAC had not discussed any of the PAs, the COPU discussed two PAs that featured in the Audit Reports for the period 2010-11 to 2017-18.

4.3 Response of the departments to the recommendations of the PAC/ COPU

The Administrative departments were required to take suitable action on the recommendations made in the Report of PAC/ COPU presented to the State Legislature. Following the circulation of the Reports of the PAC/ COPU, the departments were to prepare action taken notes (ATNs) indicating action taken or proposed to be taken on the recommendations of PAC/ COPU and submit them to the Assembly Secretariat. The PAC specified the time frame for submission of ATNs as six weeks up to its 32nd Report (December 1997) and six months in its 33rd Report (June 2000).

Review of 17 Reports⁷² of the PAC involving 15 departments⁷³ presented to the Legislature between April 1995 and March 2018, showed that none of these departments had sent the ATNs to the Assembly Secretariat as of March 2019.

⁷² Between April 1995 and December 1997 (10 Reports), June 2000 (one Report), April 2005 (one Report), April 2007 (one Report), March 2010 (one Report), March 2011 (one Report), March 2012 (one Report) and March 2017 (one Report).

⁷³ Containing recommendations on 59 paragraphs of Audit Reports.

Similarly, review of six Reports of COPU involving four departments, viz. Transport, Commerce & Industries, Tourism and Power presented to the Legislature between April 2008 and March 2018 also showed that none of these departments had sent the ATNs to the Assembly Secretariat as of March 2019.

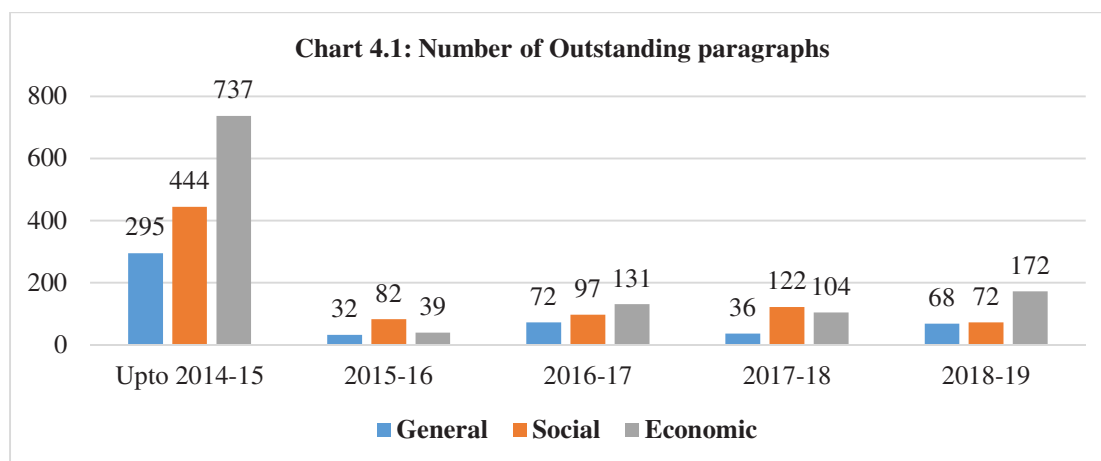
Thus, the fate of the recommendations contained in the Reports of the PAC/ COPU and whether they were being acted upon by the Administrative departments could not be ascertained in audit.

During 2018-19, PAC/ COPU did not submit any Report to the State Legislature.

4.4 Outstanding Inspection Reports and Paragraphs

The Meghalaya Financial Rules, 1981 provide for prompt response by the Executive to the Inspection Reports (IRs) issued by the Accountant General (Audit) 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 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 Audit observations and for taking appropriate corrective action.

At the end of October 2019, 3,003 paragraphs pertaining to General, Social and Economic Sectors for the period 1988-89 to October 2019 were outstanding. The year-wise break-up of the outstanding paragraphs up to 2018-19 is given below:



4.5 Committees for disposal of outstanding audit observations

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

4.5.1 Apex Committee

An Apex Committee (State Audit and Accounts Committee) has been formed (August 2009) at the State level under the Chairmanship of Chief Secretary to review the progress in disposal of outstanding audit observations, 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.

During 2018-19, one Apex Committee meeting was held on 07 September 2018 wherein, the Chief Secretary directed all the Administrative departments to convene the meeting of the Departmental Audit and Accounts Committee to dispose of the outstanding IRs and paragraphs.

4.5.2 Departmental Audit & Accounts Committee

Departmental Audit and Accounts Committees (DAAC) have been formed (August 2009) by all departments of the Government under the Chairmanship of the Departmental Secretaries to review the progress in disposal of pending IRs, audit matters pertaining to Public Sector Undertakings, follow up action on Audit Reports and explanatory notes to PAC/COFU, etc. The DAAC were to hold meetings quarterly.

During 2018-19, two DAAC meetings were held with the Sports and Youth Affairs (including State Sports Council) and Tourism Departments, where two IRs and 12 paragraphs were settled.

4.5.3 Audit Committees

For expeditious settlement of outstanding audit observations and IRs, the State Government constituted 'Audit Committees' consisting of Secretary to the State Government in the Administrative Department concerned, a senior officer from the Finance Department and a representative of the Accountant General (Audit). During 2018-19, eight Audit Committee meetings were held with Education, Border Area Development, Health and Family Welfare, Animal Husbandry & Veterinary and Community and Rural Development Departments where 16 IRs and 143 paragraphs were settled.

Shillong
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