

CHAPTER – VII

FOLLOW-UP OF AUDIT OBSERVATIONS

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7.1 Follow-up action on Audit Reports

As per instructions issued by the Finance Department (June 1996), concerned Administrative Departments are required to prepare an *suo motu* 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 Accountant General and Secretary, Finance Department, within three months from the date of receipt of the Report.

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 2017-18, it was noticed that the concerned Administrative Departments did not comply with the time frame. As of April 2020, *suo motu* Explanatory Notes on 193 Paragraphs of the Audit Reports were outstanding from various Departments (*Appendix-7.1*).

As per decision taken in the national level conference on "Legislature Audit Interface" held in July, 2010, State PAC/COPU has 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 2020).

The Administrative Departments were also required to take suitable action on 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 94 Paragraphs in respect of 25 Departments included in Audit Reports and presented to the Legislature between September 1994 and September 2015, revealed that no Department had sent any ATN to the Assembly Secretariat as of March 2019. 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-7.2*).

Two Public Accounts Committee (PAC) meetings were held in September 2019 and January 2020 after a gap of over 12 months. The PAC met earlier in October 2018. The Committee selected total 86 paras in respect of 15 Departments pertaining to the period from 2008-09 to 2016-17 for discussion in the meetings. The concerned Departments furnished their replies against the paras to the Principal Accountant General Office and the same were examined and vetted by this office. The detailed para-wise comments of the Principal Accountant General against the replies furnished by the Departments was forwarded to the State Legislative Assembly. (Details in *Appendix-7.3 & 7.4*).

7.2 Audit Committee Meeting

No Audit Committee Meetings were held for discussion and settlement of Outstanding Inspection Reports during 2018-19.

The Government may consider constituting a committee headed by the Chief Secretary to monitor the response of Departments to audit observations in a time bound manner and for clearance of old outstanding IRs.

7.3 Response to Audit Observations

5,246 Paragraphs pertaining to 956 Inspection Reports, involving ₹ 4,391.29 crore were outstanding as of March 2019 and even first replies to the 455 Inspection Reports were not received.

Principal Accountant General 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 Principal 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 2019, 5246 Paragraphs relating to 956 IRs pertaining to 440 offices of 61 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 313 offices for 455 IRs issued between 1985-86 to 2018-19. A review of outstanding IRs in three Departments indicated serious irregularities which were pending settlement as given below:

Table: 7.3.1- Details of review of outstanding IRs in three Departments

(₹ in lakh)


Sl. No.	Nature of irregularities	Health & Family Welfare		Rural Works Department		Public Health Engineering & Water Supply	
		No. of Paragraphs	Amount	No. of Paragraphs	Amount	No. of Paragraphs	Amount
1	Unfruitful Expenditure/Wasteful Expenditure	1	409.77	4	7717.98	1	22.88
2	Avoidable Expenditure	4	104.60	1	52.57	1	62.38
3	Outstanding/Short Realisation of VAT/Security Deposit etc.	0	0.00	0	0.00	0	0.00
4	Idle Investment	1	9.21	1	115.48	3	57.79
5	Doubtful Expenditure	2	46.92	0	0.00	13	859.08
6	Excess Expenditure	2	8.41	4	543.70	26	742.43

Sl. No.	Nature of irregularities	Health & Family Welfare		Rural Works Department		Public Health Engineering & Water Supply	
		No. of Paragraphs	Amount	No. of Paragraphs	Amount	No. of Paragraphs	Amount
7	Undue favour to contractor	1	46.93	4	315.18	2	11.21
8	Irregular/Inadmissible expenditure	2	1019.60	10	768.01	9	302.71
9	Unauthorized Expenditure	2	71.45	4	152.16	4	291.41
10	Wanting Records/Without Verification	0	0.00	0	0.00	0	0.00
11	Non-Deduction of Government Revenue	5	594.42	0	0.00	5	95.40
	Total	20	2311.31	28	9665.08	64	2445.29

Commissioners/Secretaries of concerned Departments were informed 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/overpayments pointed out in audit are recovered in a time bound manner.

Itanagar
Dated: 15 May 2021


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Countersigned

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Dated: 19 May 2021


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Comptroller and Auditor General of India

