

**CHAPTER – VII**  
**FOLLOW UP OF AUDIT**  
**OBSERVATIONS**



## CHAPTER – VII: FOLLOW UP OF AUDIT OBSERVATIONS

### 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 *suo motu* Explanatory Note on the Paragraphs/Reviews included in the Audit Reports indicating the action taken or proposed to be taken and submit the ‘Action Taken Notes (ATNs)’ to the Assembly Secretariat with a copy to the Accountant General and Secretary, Finance Department, within three months from the date of receipt of the Report.

Further, as regards submission of *suo motu* Explanatory Notes on paragraphs included in the Reports of the Comptroller and Auditor General of India from 2008-09 to 2018-19, it was noticed that the concerned Administrative Departments did not comply with the timeframe. As of March 2021, *suo motu* Explanatory Notes on 210 Paragraphs of the Audit Reports were outstanding from various Departments as detailed in *Appendix 7.1*.

During the period 2019-20, two Public Accounts Committee (PAC) meetings were held in September 2019 and January 2020 after a gap of over 11 months (the PAC met earlier in October 2018). The Committee selected total 86 paras/ sub-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 were forwarded to the State Legislative Assembly. The details of outcomes of PAC held during 2019-20 are shown in *Appendix-7.2*. The details of outstanding paras to be discussed in PAC/ COPU as of March 2020 are shown in *Appendix-7.3*.

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 time frame for submission of the ATNs as one month up to the 68<sup>th</sup> 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 July 2015, revealed that no Departments had sent any ATNs during 2019-20. Thus, there are 94 outstanding Paragraphs against which Departments had not furnished any ATNs to the PAC as of March 2020 as shown in *Appendix 7.4*.

### 7.2 Audit Committee Meeting

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

**Recommendation:** *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

**As of March 2020, 6,292 Paragraphs pertaining to 1,091 Inspection Reports (IRs), involving ₹6,366.73 crore were outstanding. Out of 1,091 IRs, the first replies to 485 IRs have not been received.**

Principal Accountant General periodically conducts inspection of the Government Departments to test-check their transactions and to verify maintenance of important accounting and other records as per the prescribed rules and procedures. When important irregularities detected during inspections are not settled on the spot, they are included in the 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 2020, 6,292 Paragraphs relating to 1,091 IRs pertaining to 451 offices of 62 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 265 offices for 485 IRs issued between 1985-86 to 2019-20. A review of outstanding IRs in three Departments indicated serious irregularities which were pending settlement as given below:

**Table: 7.1- Details of review of outstanding IRs in three Departments**

(₹ in lakh)

Sl. No.	Nature of irregularities	Public Works Department		Water Resource Department		Education	
		No. of Paragraph	Amount	No. of Paragraph	Amount	No. of Paragraph	Amount
1.	Unfruitful/ Wasteful Expenditure	2	407.93	1	19.95	4	744.18
2.	Avoidable Expenditure	1	68.50	2	25.16	0	0.00
3.	Outstanding/Short Realisation of VAT/ Security Deposit etc.	5	15.97	0	0.00	2	55.04
4.	Idle Investment	1	48.51	0	0.00	6	140.50
5.	Doubtful Expenditure	6	526.94	3	107.67	5	342.82
6.	Excess Expenditure	8	150.29	5	370.51	3	32.76
7.	Undue favour to contractor	5	179.60	0	0.00	2	10.69
8.	Irregular/ Inadmissible expenditure	9	437.10	1	7.98	14	2572.16


Sl. No.	Nature of irregularities	Public Works Department		Water Resource Department		Education	
		No. of Paragraph	Amount	No. of Paragraph	Amount	No. of Paragraph	Amount
9.	Unauthorised Expenditure	5	103.79	0	0.00	2	36.81
10.	Wanting Records/ Without Verification	5	804.22	1	1.30	15	774.73
11.	Non-Deduction of Government Revenue	3	64.07	1	0.26	4	237.10
<b>Total</b>		<b>50</b>	<b>2806.92</b>	<b>14</b>	<b>532.83</b>	<b>57</b>	<b>4946.79</b>

Source: Monthly progress report, March 2020

Commissioners/ Secretaries of the concerned Departments were informed regarding the position through half-yearly reports.


**Recommendation:** *The State Government may ensure the 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: 01 August 2022

  
(CHERRING ANGRUP BODH)  
Principal Accountant General,  
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Countersigned

New Delhi  
Dated: 02 August 2022

  
(GIRISH CHANDRA MURMU)  
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