

**CHAPTER VI:
FOLLOW UP OF AUDIT OBSERVATIONS**

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6.1 Follow-up action on earlier Audit Reports

6.1.1 Explanatory notes not submitted

Finance Department of the Government of Tripura issued instructions (July 1993), to the Administrative Departments to initiate, *suo motu*, positive and concrete action in all audit paragraphs and reviews featuring in the Audit Reports of C&AG of India regardless of whether the cases are taken up for examination by Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU) or not and to furnish detailed notes indicating the corrective/ remedial action taken or proposed to be taken by them within a period of three months of the presentation of Audit Reports to the Legislature.

Serious irregularities noticed in audit are included in the Report of the Comptroller and Auditor General of India (C&AG) and presented to the State Legislature.

(a) Public Accounts Committee

As of November 2020, 14 out of 17 departments did not submit explanatory notes on 65 paragraphs (47 paragraphs and 18 Performance audits) out of 89 Paragraphs (63 paragraphs and 26 Performance Audits) of Audit Reports awaiting discussion by Public Accounts Committee (PAC) relating to the Audit Reports from the years 2001-02 and 2004-05 to 2017-18¹⁷³. The position of pendency of receipt of *suo motu* replies on paragraphs/ performance audits awaiting discussion by PAC during the last five years is shown in **Table 6.1.1**.

Table 6.1.1: Position of pending *suo motu* replies on paragraphs/ performance audits of Audit Reports awaiting discussion by PAC

Years	Total paragraphs/ performance audits awaiting discussion	Suo-motu reply received	Suo-motu reply not received
2013-14	4	2	2
2014-15	13	3	10
2015-16	7	-	7
2016-17	10	1	9
2017-18	13	1	12

Table 6.1.1 presents the position of *suo motu* replies received/ not received pertaining to paragraphs/ performance audits of Audit Reports pending discussion by PAC for the period from 2013-14 to 2017-18. The departments largely responsible for not submitting explanatory notes were Public Works (Roads & Buildings) Department (19), Agriculture and Farmers' Welfare Department (6), Finance Department (9), Public Works (Water Resource) Department (3), Rural Development Department (4) and Transport Department (8) amongst others.

The issue of pendency of furnishing of *suo motu* replies to audit paras was taken up (June 2018) with the Chairman, PAC, Tripura Legislative Assembly and Finance

¹⁷³ Audit Report for the year 2018-19 was forwarded to the State Government on 1 April 2021, and the same is placed in the Legislature in March 2022.

Department, Government of Tripura with the request to take steps so that the departments concerned furnish the *suo motu* replies and pendency can be reduced.

This issue was again taken up (November 2021) with the Chairman, Public Accounts Committee, Tripura Legislative Assembly.

(b) Committee on Public Undertakings

As of November 2020, three departments did not submit explanatory notes on 10 paragraphs (seven paragraphs and three performance audits) out of 17 paragraphs (12 paragraphs and five performance audits) of Audit Reports awaiting discussion by Committee on Public Undertakings (COPU) relating to the Audit Reports from the years 2009-10 to 2017-18. The departments largely responsible for not submitting explanatory notes on paragraphs were Power Department (3), Industries and Commerce Department (6), Forest Department (1) and Performance Audits were Industries & Commerce Department (2) and Power Department (1).

The issue of pendency of furnishing of *suo motu* replies to audit paras was taken up (June 2018) with the Chairman, Committee on Public Undertakings (COPU), Tripura Legislative Assembly and Finance Department, Government of Tripura with the request to take steps so that the departments concerned furnish the *suo motu* replies and the pendency can be reduced.

6.1.2 Action taken on the recommendations of the Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU)

The Administrative Departments were required to take suitable action on the recommendations made in the Reports of the PAC/ COPU presented to the State Legislature. Following the circulation of the Reports of the PAC/ COPU, Heads of Departments were to prepare comments on action taken or proposed to be taken on the recommendations of the PAC/ COPU and submit the same to the State Assembly Secretariat.

(a) Public Accounts Committee

As of November 2020, Action Taken Notes (ATNs) on 147 recommendations of the PAC made between 2010-11 and 2018-19 were awaited from the administrative departments concerned, of which, 54 pertained to Finance (Excise & Taxation) Department, 19 to Public Works (Roads & Building) Department, 11 to Social Welfare and Social Education Department, nine to Urban Development Department, six each to Education (Higher) Department, Industries & Commerce Department, Public Works (Drinking Water & Sanitation) Department and Education (School) Department, five to Health & Family Welfare Department, four to Fisheries Department and 21 ATNs to other departments. All these departments are required to expedite submission of ATNs to the PAC without further delays.

(b) Committee on Public Undertakings

As of November 2020 ATNs on 28 recommendations of the COPU made between 2011-12 and 2015-16 were awaited from the administrative departments concerned, of which, 13 pertained to Power Department (Tripura State Electricity Corporation Limited), 10 to Industries and Commerce Department (Tripura Jute Mills Limited: six, Tripura Small Industries Corporation Limited: four), three to Forest Department (Tripura Forest Development & Plantation Corporation Limited), and one each to

Transport Department (Tripura Road Transport Corporation) and Tribal Welfare (Tribal Rehabilitation in Plantation & Particularly Vulnerable Tribal Group) Department. There is need for all these departments/ companies to submit ATNs without further delays to take the things to their logical end.

6.2 Monitoring

The following committees had been formed at the Government level to monitor the follow up action on Audit Reports and PAC/ COPU recommendations.

6.2.1 Departmental Monitoring Committee

Departmental Monitoring Committees (DMCs) had been formed (April 2002) by all departments of the Government under the chairmanship of the departmental Secretaries to monitor the follow up action on Audit Reports and PAC/ COPU recommendations. The DMCs were to hold monthly meetings and to send progress reports on the issue every month to the Finance Department.

Details about meetings of the DMCs during 2019-20, though called for (September 2020), had not been furnished (November 2021) by the Finance Department.

6.2.2 Apex Committee

An Apex Committee was formed (April 2002) at the State level under the chairmanship of the Chief Secretary to monitor the follow up action on Audit Reports and PAC/ COPU recommendations.

Details about meetings of the Apex Committee during 2018-19, though called for (September 2019), had not been furnished (November 2021) by the Finance Department.

6.3 Outstanding Inspection Reports

The Principal Accountant General (Audit), Tripura conducts periodical inspections of Government Departments to test-check transactions and verify the maintenance of accounts and other records according to prescribed rules and procedures. Audit observations on financial irregularities and deficiencies in maintenance of initial accounts noticed during local audit and not settled on the spot are communicated to the audited entities and to the higher authorities through Inspection Reports (IRs). The more serious irregularities are reported to the Government. The Government had instructed (July 1993) that the first reply to the IRs should be furnished within one month from the date of receipt of IR.

Analysis of the position of outstanding IRs showed that 4,373 paragraphs included in 684 IRs issued during the last five years up to 2019-20 were pending for settlement as of September 2020 of these, even the first reply had not been received in respect of 167 IRs in spite of repeated reminders. The year-wise break-up of the outstanding IRs and the position of response thereto is given in **Table 6.3.1**.

Table 6.3.1: Position of Outstanding IRs where first reply have not been received

Years	No. of outstanding		No. of IRs for which even 1st reply had not been received
	IR	Paras	
2015-16	156	828	23
2016-17	173	1037	37
2017-18	144	949	35
2018-19	125	857	35
2019-20	86	702	37
Total	684	4373	167

As a result, the following important irregularities commented upon in those IRs had not been addressed as of September 2020.

Table 6.3.2: Irregularities not addressed

Nature of irregularities	Number of cases	Amount involved (₹ in crore)
Excess/ Irregular/ Avoidable/ Unfruitful/ Wasteful/ Unauthorised/ Idle expenditure	385	303.98
Blocking of funds	133	314.68
Non-recovery of excess payments/ overpayments	115	45.67
Under assessment	198	25.51
Loss of Revenue	193	195.12
Misappropriation/ Suspected misappropriation	38	1.56
Others	3840	1865.08
Total	4902	2751.60

It is evident from **Table 6.3.2** that 4,902 cases for ₹ 2,751.60 crore involving audit observations on loss of revenue, overpayments, excess payments, under assessment, *etc.* remained unaddressed by the departments concerned, which is a matter of serious concern.

6.4 Departmental Audit Committee Meetings

As per the Office Memorandum dated 14 July 1993 issued by the Government of Tripura the Departmental Audit Committees (DACs) are required to be constituted by each Department with the Secretary of the Department as Chairman, Head of the Department as Member and one Officer of the rank of Deputy Secretary from the Finance Department as Member and Deputy Accountant General, Tripura as Convenor. The DACs were to monitor the progress in disposal of the outstanding audit paras and Inspection Reports issued by the Accountant General (Audit), Tripura. Five Audit Committee Meetings were held during 2019-20 wherein 10 IRs and 83 paragraphs were discussed and 34 paragraphs were settled.

6.5 Response of the Government/ departments towards audit

The Principal Accountant General (Audit), Tripura conducts periodical inspection of the government departments to test-check the transactions and verify the maintenance of important accounts and other records as prescribed in the rules and procedures. These inspections are followed up with Inspection Reports (IRs) incorporating irregularities detected during the inspection and not settled on the spot, which are issued to the heads of the offices inspected, with copies to the next higher authorities for taking prompt corrective action. The heads of the offices/ Government are required to promptly comply with the observations contained in the IRs, rectify the defects and omissions and report compliance through initial reply to the Principal Accountant General (Audit) within one month from the date of issue of the IRs. Serious financial irregularities are reported to the heads of the departments and the Government.

There are 4,373 paragraphs involving ₹ 2,954.01 crore relating to 684 IRs issued during the last five years 2015-16 to 2019-20 which remained outstanding at the end

of 30 September 2020 under Social, Economic, Revenue and General Sectors. Year-wise position of outstanding IRs, paragraphs and money value involved for the last five years as on 30 September 2020 are given in **Table 6.5.1**.

Table 6.5.1: Details of pending IRs

Position of IRs	Outstanding as of September 2020					Total
	2015-16	2016-17	2017-18	2018-19	2019-20	
Number of IRs pending for settlement	156	173	144	125	86	684
Number of outstanding audit observations	828	1,037	949	857	702	4,373
Money value involved (₹ in crore)	498.28	827.72	516.08	530.43	581.50	2,954.01

The details in **Table 6.5.1** indicates that the departments were not serious in taking necessary action for final settlement of such cases.

It is recommended that the Government may review the matter and ensure that an effective system exists for sending replies to Audit within the prescribed time frame.



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Agartala
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Countersigned



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New Delhi
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