

CHAPTER - VII

FOLLOW UP OF AUDIT OBSERVATIONS

7.1.1 Response of the Departments to the recommendations of the Public Accounts Committee

The Public Accounts Committee (PAC) Reports/ recommendations are the principal medium by which the Legislature enforces financial accountability of the Executive to the Legislature and it is appropriate that they elicit timely response from the departments concerned in the form of Action Taken Notes (ATNs). As per PAC Reports of the State of Nagaland, the departments concerned were required to submit the ATNs on the recommendations of the PAC within three months from the date of laying of the Reports of the PAC to the Legislature.

As of March 2020, out of 1,423 recommendations of the PAC made during the period from 1990-91 to 2019-20, 973 ATNs on the recommendations had been submitted to the PAC and discussed.

7.1.2 Monitoring

The State Level Audit and Accounts Committee was formed (June 2008) under the Chairmanship of the Chief Secretary to monitor the follow up action on audit related matters and corrective action on the findings reported by Audit. The Committee was also to review and oversee the working of Departmental Audit and Accounts Committee and also to hold meetings once in six months.

During 2019-20, no State Level Audit and Accounts Committee meeting was convened.

7.1.3 Outstanding Inspection Reports

The Principal Accountant General (Audit), Nagaland conducts periodic inspection of the Government departments to test-check the transactions and verify the maintenance of important accounts and other records as prescribed under the rules and procedures. These inspections are followed up with the Inspection Reports (IRs) incorporating irregularities noticed during the inspection and not settled on the spot. The IRs are issued to the Heads of the Offices inspected with copies to the higher authorities for taking corrective action.

The Heads of the Offices/Government are required to 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 irregularities are reported to the Heads of the departments and the Government.

As of March 2020, 1,677 IRs containing Major Paragraphs issued from 1997-98 onwards were pending for settlement. The large pendency of IRs was indicative of absence of adequate action to rectify the defects, omissions and irregularities pointed out through IRs by the Heads of Offices and Heads of the Departments.

Audit recommends the Government to look into the matter and consider streamlining the system to ensure timely response to audit observations. Action may be taken against the officials who fail to send replies to IRs/ paragraphs as per prescribed time schedule and the losses/ outstanding advances/ overpayments may be recovered in a time bound manner.

7.1.4 Departmental Audit Committee Meetings

In order to expedite the settlement of the outstanding audit observations contained in the IRs, Departmental Audit Committees had been constituted by the Government.

Departmental Audit Committees are chaired by the Secretaries of the Departments concerned and their meetings are attended by the officers concerned of the State Government and officers from the office of the Principal Accountant General (Audit), Nagaland.

During 2019-20, two Audit Committee Meetings (ACMs) were convened in respect of the Health & Family Welfare Department under Social Sector and Rural Development Department under Economic Sector were held on 25 June 2019 and 02 July 2019 respectively to clear the outstanding audit observations. During the ACMs, 03 IRs

consisting of 28 paragraphs pertaining to 01 entity in respect of Health & Family Welfare Department and 06 IRs consisting of 61 Paragraphs pertaining to 02 entities in respect of Rural Development Department had been discussed. Out of which, 04 IRs and 20 paragraphs in respect of Health & Family Welfare and Rural Development Departments respectively had been settled.


Recommendation: *Government needs to ensure that Audit Committees meet regularly to review, discuss, settle and take action on audit observations.*

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