

CHAPTER – VI

FOLLOW UP OF AUDIT OBSERVATIONS

6.1 Response of the departments to the recommendations of the Public Accounts Committee (PAC)

Finance Department issued instructions to all departments to submit Action Taken Notes (ATNs) on various suggestions, observations and recommendations made by PAC for their consideration within 15 days of presentation of the PAC Reports to the Legislature. The PAC Reports/recommendations are the principal medium by which the Legislature enforces financial accountability of the Executives to the Legislature and it is appropriate that they elicit timely response from the departments in the form of ATNs.

As of December 2013, out of 1262 recommendations of the PAC, made between 1990-91 and 2012-13, 776 ATNs in respect of the recommendations had been submitted to the PAC and discussed.

6.2 Monitoring

The following Committees had been formed at the Government level to monitor the follow up action on Audit related matters:

State Level Audit and Accounts Committee: State Level Audit and Accounts Committee (SLAAC) had been formed (June 2008) at the State level under the Chairmanship of the Chief Secretary to monitor the response and corrective action on the findings reported by audit to review and oversee the working of Departmental Audit and Accounts Committees (DAACs) and also to hold meetings once in six months.

As of November 2013, only one meeting was held (May 2010) by the SLAAC wherein the necessity of formation of DAACs, training of departmental officers and issues relating to the accumulation of pending Inspection Reports and the ways to reduce pendency were discussed. Though communication had been made with the State Government from time to time to initiate action on formation of DAACs, no intimation in this regard had been received (November 2013).

6.3 Outstanding Inspection Reports

The Accountant General (Audit), Nagaland 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. The inspections are followed up with the 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 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 Accountant General (AG) within one month from the date of the issue of the IRs. Serious irregularities are reported to the Heads of the departments and the Government.

The position of outstanding IRs pertaining to Civil (Expenditure audit including that of Works and Autonomous Bodies), Revenue (Audit of Revenue departments) and Commercial (Audit of Public Sector Undertakings) audit as of September 2013 is shown below:

Table No. 6.1

Year	Civil (including works, Forest and Autonomous Bodies)		Revenue		Public Sector Undertakings	
	No. of IRs	Paragraphs	No. of IRs	Paragraphs	No. of IRs	Paragraphs
Upto 2008-09	1486	8613	72	282	12	103
2009-10	121	875	08	26	2	10
2010-11	59	540	0	0	0	0
2001-12	86	575	02	02	3	31
2012-13	124	896	09	21	2	20
Total	1876	11499	91	331	19	164

This large pendency of IRs is 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.

It is recommended that the Government look into the matter and streamline the system to ensure proper 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 loss/outstanding advances/overpayments may be recovered in a time bound manner.

6.4 Departmental Audit Committee Meetings

In order to expedite the settlement of the outstanding audit observations contained in the IRs, departmental audit Committees have been constituted by the Government. These Committees are chaired by the Secretaries of the concerned administrative departments and their meetings are attended by the concerned officers of the State Government and officers from the office of the Accountant General.

During 2012-13, no audit committee meeting was convened to clear the outstanding audit observations.

6.5 Recoveries at the instance of Audit

6.5 (a) State Health Society

Mission Director, State Health Society (SHS), National Rural Health Mission (NRHM), Nagaland paid (November 2011) an amount of ₹ 254.74 lakh instead of ₹ 204.74 lakh to a supplier against the supply of medicines which led to an excess payment of ₹ 50 lakh.


On being pointed out by audit (July 2013), the SHS recovered (October 2013) the excess payment amounting to ₹ 50 lakh from the supplier and deposited it into the Society's bank account.

6.5 (b) Nagaland Bee Keeping and Honey Mission

The Nagaland Bee Keeping and Honey Mission (NBHM) procured equipment for its mission work without deducting Nagaland Value Added Tax (NVAT) amounting to ₹ 2.34 lakh.


On being pointed out by audit (July 2013), NBHM recovered ₹ 2.34 lakh and deposited it into the Government account.

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