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# **Chapter VI**

## **Follow up of Audit Observations**

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## CHAPTER VI FOLLOW UP OF AUDIT OBSERVATIONS

### 6.1 Follow up on Audit Reports

As per the recommendations made by the High Powered Committee<sup>1</sup>, *suo moto* explanatory notes on corrective/remedial measures taken on all paragraphs included in Audit Reports are required to be submitted by the Departments duly vetted by the Principal Accountant General (Audit), Manipur to the Public Accounts Committee (PAC)/Committee on Public Undertakings (CoPU) within three months<sup>2</sup> from the date of placing of Audit Reports in the Legislature.

Audit Report for the year 2013-14 featured two Performance Audits and 20 Compliance Audit paragraphs, out of which *suo moto* explanatory notes pertaining to one Compliance Audit paragraph had been received within the stipulated period of three months. However, in respect of earlier Audit Reports for the years 1999-2013 *suo moto* explanatory notes pertaining to 321 Compliance Audit paragraphs/ Performance Audits were not received within the stipulated period of three months either from the Departments or through the Manipur Legislative Assembly Secretariat.

### 6.2 Action Taken on Recommendation of Public Accounts Committee

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

As of December 2015, the PAC had published 33 Reports excluding one Report on Spot Visit and seven Reports on regularisation of excess expenditure. These Reports altogether contained 1,468 recommendations based on the examination of Audit Reports by the PAC. In respect of 10 Reports (1<sup>st</sup> Report to 10<sup>th</sup> Report) of the PAC containing 518 recommendations and 11 Reports (21<sup>st</sup> to 37<sup>th</sup> Report, excluding five Reports (excess regularisation) and one Report (Spot Visit) containing 219 recommendations, the Action Taken Notes (ATN) had been received and the PAC had published its subsequent reports on the ATN. Of the remaining 731 recommendations, no ATNs were received.

In the case of the CoPU, nine Reports had been published as of November 2014 excluding four Reports of Spot Visits. Based on the examination of the Audit Reports, the CoPU had published 147 recommendations. No ATN, however, had been furnished by the Departments/Corporations.

<sup>1</sup> High Powered Committee appointed to review the response of the State Governments to the Audit Reports of the Comptroller and Auditor General of India (Shakdher Committee Report).

<sup>2</sup> *Suo moto* replies to be furnished within three months; in case Audit paragraphs are not selected by the PAC/CoPU during this period.

### **6.3 Monitoring of Audit Observations**

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

**Departmental Audit and Accounts Committees:** Departmental Audit and Accounts Committees (DAAC) had been formed (January 2010) by all Departments of the State Government under the Chairmanship of the concerned Departmental Administrative Secretary to monitor the follow up action on Audit related matters. The function of the DAACs were to monitor the progress in disposal of the outstanding audit paras and Inspection Reports issued by the Principal Accountant General (Audit) and to review and supervise the working of the Departmental Audit and Accounts Sub-Committees constituted. The DAACs were to hold meeting once in three months. During 2014-15, no meeting of the DAAC was held.

**State Audit and Accounts Committee:** State Audit and Accounts Committees (SAAC) had been formed (January 2010) at the State Level under the Chairmanship of the Chief Secretary to monitor the progress in disposal of outstanding audit objections and pending Inspection Reports and to review and oversee the working of the DAAC. The SAAC was to meet once in six months. During 2014-15, no meeting of the SAAC was held.

### **6.4 Response to Audit Observations and Outstanding Inspection Reports**

The Principal Accountant General (Audit), Manipur arranges to conduct periodical inspections of Government Departments to test-check transactions and verify the maintenance of accounts and other records according to prescribed rules and procedures. When important irregularities detected during the inspections are not settled on the spot, Inspection Reports (IRs) are issued to the Heads of the concerned Offices with a copy to the next higher authority.

As of September 2015, 1895 Inspection Reports issued from 2003-04 onwards were outstanding for settlement. Even the initial replies, which were required to be received from the Heads of Offices of the Government Departments within four weeks from the date of issue of IRs were not received from the Departments.

It is recommended that the Government may review the matter and ensure that an effective system exists for: (a) sending replies to the Audit office within the prescribed time schedule; (b) recovering losses/outstanding advances/over payments in a time bound manner and (c) promptly sending response to audit observations.



**Imphal**  
**The 7 April 2016**

**(Birendra Kumar)**  
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**Countersigned**



**New Delhi**  
**The 18 April 2016**

**(Shashi Kant Sharma)**  
**Comptroller and Auditor General of India**