

CHAPTER – VI
FOLLOW-UP OF AUDIT
OBSERVATIONS

CHAPTER-VI: FOLLOW UP OF AUDIT OBSERVATIONS

6.1 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 Paragraphs/Reviews included in the Audit Reports indicating the action taken or proposed to be taken and submit the 'Action Taken Notes' to the Assembly Secretariat with a copy to Principal Accountant General and Secretary, Finance Department, within three months from the date of receipt of the Report.

As per decision taken in the national level conference on "Legislature Audit Interface" held in July, 2010, State PAC/COPU had transferred 144 Paras pertaining to the period from 1994-95 to 2007-08 to the State Government for their follow-up. But no Action Taken Report on these have been received from the concerned Departments (March 2017).

Further, as regard submission of *suo motu* Explanatory Notes on paragraphs included in the Reports of the Comptroller and Auditor General of India from 2008-09 to 2015-16, it was noticed that the concerned Administrative Departments did not comply with the time frame. As of October 2017, *suo motu* Explanatory Notes on 205 Paragraphs of the Audit Reports were outstanding from various Departments (**Appendix 6.1.1**).

The Administrative Departments were also required to take suitable action on recommendations made in the PAC/CoPU Reports presented to the State Legislature. The PAC specified the time-frame for submission of Action Taken Notes (ATNs) as one month up to the 68th Report (July 2015). 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 September 2015, revealed that no Department sent any ATN to the Assembly Secretariat as of March 2017. Thus, status of the recommendations contained in the said Reports of the PAC, and whether these were being acted upon by the Administrative Departments, could not be ascertained in audit (**Appendix 6.1.2**).

6.2 Audit Committee Meeting

Audit Committee Meetings were held in respect of three Departments¹ during 2016-17 for discussion of outstanding IRs wherein 105 IRs containing 387 audit paragraphs were discussed and 24 IRs and 187 audit paragraphs were settled.

6.3 Response to Audit Observations

3,690 Paragraphs pertaining to 768 Inspection Reports, involving ₹ 2,084.02 crore were outstanding as of March 2017 and first replies to the 234 Inspection Reports have not been received.

Principal Accountant General (PAG) conducts periodical inspection of Government Departments to test- check transactions and to verify maintenance of important accounting and other records as per prescribed rules and procedures. When important irregularities

¹ School Education, Environment & Forest, and Public Works Departments.

detected during inspections are not settled on the spot, they are included in 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 2017, 3,690 Paragraphs relating to 768 IRs pertaining to 456 offices of 58 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, had not been received from 16 offices for 234 IRs issued between 1991-92 to 2016-17. A review of outstanding IRs in three Departments indicating serious irregularities pending for want of settlement are given below:

Table: 6.1.1 - Details of outstanding IRs

(₹ in lakh)

Sl. No.	Nature of irregularities	Public Health Engineering & Water Supply		Agriculture		Deputy Commissioner	
		No. of Para	Amount	No. of Para	Amount	No. of Para	Amount
1	Unfruitful Expenditure/ Wasteful Expenditure	3	169.65	1	21.95	1	66.87
2	Avoidable Expenditure	1	16.88	1	16.86	-	-
3	Outstanding/ Short Realisation of VAT/ Security Deposit, etc.	-	-	-	-	3	62.90
4	Idle investment	1	70.67	-	-	1	337.80
5	Doubtful Expenditure	1	10.60	2	165.97	1	305.53
6	Excess Expenditure	3	53.67	3	32.11	-	-
7	Undue favour to contractor	1	34.05	-	-	-	-
8	Irregular/Inadmissible expenditure	5	209.63	1	55.76	8	441.07
9	Unauthorized Expenditure	-	-	-	-	2	101.75
10	Wanting Records/Without Verification	-	-	1	1.21	1	67.25
11	Non-Deduction of Government Revenue	1	13.87	-	-	-	-
12	Other minor irregularities	29	3,252.00	1	-	5	17.65
Total		45	3,831.02	10	293.86	22	1,400.82

Commissioners/Secretaries of concerned Departments were informed of the position through half-yearly reports. It is recommended that the Government may look into this matter and ensure that:

- a) replies to IRs/Audit Paragraphs are sent within prescribed time schedule; and
- b) losses/outstanding advances/over payments pointed out in audit are recovered in a time bound manner.

Itanagar

Dated: the 14 August 2018



(Dhiren Mathur)

**Principal Accountant General,
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Countersigned

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Dated: the 21 August 2018



(Rajiv Mehrishi)

Comptroller and Auditor General of India