

## CHAPTER – VI

### FOLLOW UP OF AUDIT OBSERVATIONS

#### 6.1 Response of the Departments to the recommendations of the Public Accounts Committee

Finance Department issued instructions to all departments to submit Action Taken Notes (ATNs) on various suggestions, observations and recommendations made by Public Accounts Committee for their consideration within 15 days of presentation of the Public Accounts Committee Reports to the Legislature. The Public Accounts Committee 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 in the form of ATNs.

As of December 2017, out of 1,423 recommendations of the Public Accounts Committee, made during the period from 1990-91 and 2015-16, 880 ATNs on the recommendations had been submitted to the Public Accounts Committee and discussed.

#### 6.2 Monitoring

The following Committee had been formed at the Government level to monitor the follow up action on audit related matters. State Level Audit and Accounts Committee was 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. 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 2016-17, no State Level Audit and Accounts Committee meeting was convened.

#### 6.3 Outstanding Inspection Reports

The 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 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 (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.

The position of outstanding IRs pertaining to Civil (Expenditure audit including that of Works, Forest and Autonomous Bodies), Revenue (Audit of Revenue Departments) and Commercial (Audit of Public Sector Undertakings) audit as of September 2017 is shown below:

**Table-6.3.1**

Year	Civil*		Revenue		Commercial	
	Number of Inspection Reports	Number of Paragraphs	Number. of Inspection Reports	Number of Paragraphs	Number of Inspection Reports	Number of Paragraphs
Upto 2012-13	359	2,324	52	123	13	20
2013-14	206	1,213	15	52	1	1
2014-15	198	1,067	4	17	2	2
2015-16	94	424	2	23	2	1
2016-17	242	1,440	12	46	5	7
<b>Total</b>	<b>1,099</b>	<b>6,468</b>	<b>85</b>	<b>261</b>	<b>23</b>	<b>31</b>

*\* including Works, Forest and Autonomous Bodies*

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.

It is recommended that the Government looks into the matter and streamlines the system to ensure 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.

#### 6.4 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 concerned Departments and their meetings are attended by the concerned officers of the State Government and officers from the office of the Accountant General (Audit).

During 2016-17, no audit committee meeting was convened to clear the outstanding audit observations.

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The 09 June 2018

  
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Countersigned

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The 11 June 2018

  
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Comptroller and Auditor General of India