

CHAPTER - VI

FOLLOW UP OF AUDIT OBSERVATIONS

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

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 concerned in the form of Action Taken Notes (ATNs). As per Public Accounts Committee 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 Public Accounts Committee to the Legislature.

As of December 2018, out of 1423 recommendations of the Public Accounts Committee, made during the period from 1990-91 and 2018-19, 973 ATNs on the recommendations had been submitted to the Public Accounts Committee and discussed.

6.2 Monitoring

The State Level Audit and Accounts Committee was formed (June 2008) at the State level 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 2017-18, 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 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 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 2018 is shown below:

Table-5.9
Position of outstanding IRs

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 2013-14	199	120	24	65	12	39
2014-15	196	112	15	65	2	16
2015-16	93	83	9	35	2	5
2016-17	227	157	42	180	1	4
2017-18	158	147	7	50	4	37
2018 (upto September)	7	3	0	0	2	24
Total	880	622	97	395	23	125

* 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.

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.


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

During 2017-18, no audit committee meeting was convened to clear the outstanding audit observations. Government needs to ensure that such meetings are held at regular intervals to take necessary action.

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