

**CHAPTER VI:
FOLLOW UP OF AUDIT OBSERVATIONS**

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6.1 Follow-up action on earlier Audit Reports

6.1.1 Explanatory notes not submitted

Finance Department of the Government of Tripura issued instructions (July 1993), to the administrative departments to initiate, *suo motu*, positive and concrete action in all audit paragraphs and reviews featuring in the Audit Reports of Comptroller and Auditor General of India (C&AG) regardless of whether the cases are taken up for examination by Public Accounts Committee (PAC)/ Committee on Public Undertakings (COPU) of the Tripura Legislative Assembly or not and to furnish detailed notes indicating the corrective/ remedial action taken or proposed to be taken by them within a period of three months of the presentation of Audit Reports to the Legislature.

Serious irregularities noticed in audit are included in the Audit Reports of the C&AG and presented to the State Legislature.

(a) Public Accounts Committee

As of September 2022, 13 out of 18 departments did not submit explanatory notes on 68 paragraphs (51 paragraphs and 17 performance audits) out of 87 paragraphs (63 paragraphs and 24 performance audits) of Audit Reports awaiting discussion by the PAC relating to the years 2006-07 to 2018-19²⁰¹. The position of pendency of receipt of *suo motu* replies on paragraphs/ performance audits of the last five years Audit Report awaiting discussion by PAC is shown in **Table 6.1.1**.

Table 6.1.1: Position of pending *suo motu* replies on paragraphs/ performance audits of Audit Reports awaiting discussion by PAC

Year of Report	Total paragraphs/ performance audits awaiting discussion	<i>Suo-motu</i> reply received	<i>Suo-motu</i> reply not received
2014-15	13	2	11
2015-16	6	Nil	6
2016-17	10	1	9
2017-18	13	1	12
2018-19	12	2	10

Table 6.1.1 presents the position of *suo motu* replies received/ not received pertaining to paragraphs/ performance audits of Audit Reports pending discussion by PAC for the period from 2014-15 to 2018-19. The departments largely responsible for not submitting explanatory notes were Public Works Department (26), Finance Department (9), Home Department (3) and Education Department (3) amongst others. The issue of pendency of furnishing of *suo motu* replies to audit paras was taken up (June 2022) with the Secretary, Tripura Legislative Assembly and Finance Department, Government of Tripura with the request to take steps so that the departments concerned furnish the *suo motu* replies and pendency can be reduced.

²⁰¹ Audit Report for the year 2018-19 was placed in the State Legislature 17 March 2022.

This issue was also taken up (November 2021) earlier with the Chairman, PAC.

(b) Committee on Public Undertakings

As of September 2022, three departments did not submit explanatory notes on 16 paragraphs (13 paragraphs and three performance audits) out of 19 paragraphs (14 paragraphs and five performance audits) of Audit Reports awaiting discussion by the COPU relating to the Audit Reports from the years 2012-13 to 2018-19. The departments largely responsible for not submitting explanatory notes on paragraphs were Power Department (6), Industries and Commerce Department (8), Forest Department (1) and Tourism Department (1).

The issue of pendency of furnishing of *suo motu* replies to audit paras was taken up (June 2022) with the Secretary, Tripura Legislative Assembly and Finance Department, Government of Tripura with the request to take steps so that the departments concerned furnish the *suo motu* replies and the pendency can be reduced.

6.1.2 Action taken on the recommendations of the Public Accounts Committee/ Committee on Public Undertakings

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

(a) Public Accounts Committee

As of September 2022, Action Taken Notes (ATNs) on 147 recommendations of the PAC made between 2010-11 and 2018-19 were awaited from the administrative departments concerned, of which, 54 pertained to Finance (Excise & Taxation) Department, 19 to Public Works (Roads & Building) Department, 11 to Social Welfare and Social Education Department, nine to Urban Development Department, six each to Education (Higher) Department, Industries & Commerce Department, Public Works (Drinking Water & Sanitation) Department and Education (School) Department, five to Health & Family Welfare Department, four to Fisheries Department and 21 ATNs to other departments. All these departments are required to expedite submission of ATNs to the PAC without further delays.

(b) Committee on Public Undertakings

As of September 2022, ATNs on 28 recommendations of the COPU made between 2011-12 and 2015-16 were awaited from the administrative departments concerned, of which, 13 pertained to Power Department (Tripura State Electricity Corporation Limited), 10 to Industries and Commerce Department (Tripura Jute Mills Limited: six, Tripura Small Industries Corporation Limited: four), three to Forest Department (Tripura Forest Development and Plantation Corporation Limited), and one each to Transport Department (Tripura Road Transport Corporation) and Tribal Welfare (Tribal Rehabilitation in Plantation and Particularly Vulnerable Tribal Group) Department. There is need for all these departments/ companies to submit ATNs without further delays to take the things to their logical end.

6.2 Monitoring

The following committees were formed at the Government level to monitor the follow up action on Audit Reports and PAC/ COPU's recommendations.

6.2.1 Departmental Monitoring Committee

Departmental Monitoring Committees (DMCs) were formed (April 2002) by all departments of the Government under the chairmanship of the departmental Secretaries to monitor the follow up action on Audit Reports and PAC/ COPU recommendations. The DMCs are to hold monthly meetings and to send progress reports on the issue every month to the Finance Department.

Details about meetings of the DMCs during 2021-22, though called for (January 2023), were not furnished (January 2023).

6.2.2 Apex Committee

An Apex Committee was formed (April 2002) at the State level under the chairmanship of the Chief Secretary to monitor the follow up action on Audit Reports and PAC/ COPU's recommendations.

Details about meetings of the Apex Committee during 2021-22, though called for (January 2023), were not furnished (January 2023).

6.3 Outstanding Inspection Reports

The Principal Accountant General (Audit), Tripura conducts periodical inspections of government departments to test check transactions and verify the maintenance of accounts and other records according to prescribed rules and procedures. Audit observations on financial irregularities and deficiencies in maintenance of initial accounts noticed during local audit and not settled on the spot are communicated to the audited entities and to the higher authorities through Inspection Reports (IRs). The more serious irregularities are reported to the Government. The Government instructed (July 1993) that the first reply to the IRs should be furnished within one month from the date of receipt of IR.

Analysis of the position of outstanding IRs showed that 2,988 paragraphs included in 414 IRs issued during the last five years up to 2021-22 were pending for settlement as of September 2022. Of these, even the first reply had not been received in respect of 1,101 paragraphs involving 148 IRs in spite of repeated reminders. The year-wise break-up of the outstanding IRs and the position of response thereto is given in **Table 6.3.1**.

Table 6.3.1: Position of Outstanding IRs where first reply have not been received

Years	No. of outstanding		First reply had not been received	
	IRs	Paras	IRs	Paras
2017-18	115	773	22	148
2018-19	99	655	15	105
2019-20	49	359	21	170
2020-21	100	812	58	438
2021-22	51	389	32	240
Total	414	2,988	148	1,101

As a result, the following important irregularities commented upon in those IRs were not addressed as of September 2022.

Table 6.3.2: Irregularities not addressed

Nature of irregularities	Number of cases	Amount involved (₹ in crore)
Excess/ Irregular/ Avoidable/ Unfruitful/ Wasteful/ Unauthorised/ Idle expenditure	331	334.22
Blocking of funds	97	267.69
Non-recovery of excess payments/ overpayments	163	120.74
Under assessment	123	17.17
Loss of Revenue	172	133.18
Misappropriation/ Suspected misappropriation	17	6.44
Others	2561	1,906.22
Total	3464	2,785.66

It is evident from **Table 6.3.2** that 3,464 cases for ₹ 2,785.66 crore involving audit observations on blocking of funds, excess/ over payments, loss of revenue, under assessment, excess/ irregular/ wasteful/ idle expenditure, *etc.* remained un-addressed by the departments concerned, which is a matter of serious concern.

6.4 Departmental Audit Committee Meetings

As per the Office Memorandum dated 14 July 1993 issued by the Government of Tripura the Departmental Audit Committees (DACs) are required to be constituted by each Department with the Secretary of the Department as Chairman, Head of the Department as Member and one Officer of the rank of Deputy Secretary from the Finance Department as Member and Deputy Accountant General, Tripura as Convener. The DACs are to monitor the progress in disposal of the outstanding audit paras and IRs issued by the Principal Accountant General (Audit), Tripura. Twelve Audit Committee Meetings were held during 2020-21 wherein 47 IRs and 244 paragraphs were discussed and 87 paragraphs were settled. Audit Committee Meeting was not held during 2021-22.

6.5 Response of the Government/ departments towards audit

The Principal Accountant General (Audit), Tripura 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. These inspections are followed up with 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 next 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 Principal Accountant General (Audit) within one month from the date of issue of the IRs. Serious financial irregularities are reported to the heads of the departments and the Government.

There are 2,988 paragraphs involving ₹ 2,846.89 crore relating to 414 IRs issued during the last five years 2017-18 to 2021-22 which remained outstanding at the end

of 30 September 2022 under Social, Economic, Revenue and General Sectors. The year-wise position of outstanding IRs, paragraphs and money value involved for the last five years as on 30 September 2022 are given in **Table 6.5.1**.

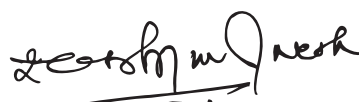
Table 6.5.1: Details of pending IRs

Position of IRs	Outstanding as of September 2022					Total
	2017-18	2018-19	2019-20	2020-21	2021-22	
Number of IRs pending for settlement	115	99	49	100	51	414
Number of outstanding audit observations	773	655	359	812	389	2,988
Money value involved (₹ in crore)	351.14	543.92	537.00	1,170.19	244.64	2,846.89

The details in **Table 6.5.1** indicates that the departments were not serious in taking necessary action for final settlement of such cases.

It is recommended that the Government may review the matter and ensure that an effective system exists for sending replies to Audit within the prescribed time frame.

Agartala
The 08 August 2023



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Countersigned



New Delhi
The 09 August 2023

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Comptroller and Auditor General of India

