

**CHAPTER – VII**  
**FOLLOW UP OF AUDIT**  
**OBSERVATIONS**



## CHAPTER – VII: FOLLOW UP OF AUDIT OBSERVATIONS

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

Further, as regards submission of *suo motu* Explanatory Notes on paragraphs included in the Reports of the Comptroller and Auditor General of India from 2008-09 to 2020-22, it was noticed that the concerned Administrative Departments did not comply with the timeframe. As of December 2023, *suo motu* Explanatory Notes on 247 Paragraphs of the Audit Reports were outstanding from various Departments as detailed in *Appendix-7.1*.

During the year 2022-23, two Public Accounts Committee (PAC) meetings were held in July 2022 and November 2022 after a gap of over 11 months (the PAC met earlier in July 2021). During 2022-23, the Committee selected total 110 paras/ sub-paras in respect of three Departments pertaining to the period from 2009-10 to 2014-15 for discussion in the meetings. The concerned Departments furnished their replies against the paras to the office of the Principal Accountant General and the same were examined and vetted by this office. The detailed para-wise comments of the office of the Principal Accountant General against the replies furnished by the Departments were forwarded to the State Legislative Assembly. The details of outcomes of PAC meetings held during 2022-23 are shown in *Appendix-7.2*. The details of outstanding paras to be discussed in PAC/ COPU as of March 2023 are shown in *Appendix-7.3*.

The Administrative Departments were also required to take suitable action on the recommendations made in the PAC/ CoPU Reports presented to the State Legislature. The PAC specified time frame for submission of the ATNs as one month up to the 68<sup>th</sup> Report. Review of Reports of the PAC containing recommendations on 94 Paragraphs in respect of 25 Departments included in Audit Reports and presented to the Legislature revealed that four Departments furnished ATNs in respect of five Paragraphs for the period between 1988-99 and 1996-97. The PAC recommended dropping four out of five Paragraphs. Thus, there are 90 outstanding Paragraphs against which Departments had not furnished any ATNs to the PAC as of March 2023 as shown in *Appendix-7.4*.

## 7.2 Audit Committee Meeting

Audit Committee Meeting was held in June 2022 for discussion and settlement of Outstanding Inspection Reports (IRs) of the Urban Development and Housing Department wherein 226 audit observations were discussed. Out of the 226 audit observations discussed, 151 were settled.

**Recommendation:** *The State Government may consider constituting a committee headed by the Chief Secretary to monitor the response of Departments to audit observations in a time bound manner for clearance of outstanding IRs.*

## 7.3 Response to Audit Observations

**As of March 2023, 7,494 Paragraphs pertaining to 1,378 Inspection Reports (IRs), involving ₹8,505.36 crore were outstanding. Out of 1,378 IRs, the first replies to 1,039 IRs have not been received.**

Principal Accountant General periodically conducts inspection of the Government Departments to test-check their transactions and to verify maintenance of important accounting and other records as per the prescribed rules and procedures. The important irregularities detected during inspections are not settled on the spot, they are included in the Inspection Reports (IRs) that are issued to concerned Heads of Offices, with a copy to the next higher authority and the Government. As of March 2023, 7,494 Paragraphs relating to 1,378 IRs pertaining to 640 offices of 71 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 were not received from 612 offices for 1,350 IRs issued between 1991-92 and 2022-23. A review of outstanding IRs in three Departments indicated serious irregularities. The details of observations noticed during 2022-23 are given in **Table 7.1**.

**Table: 7.1: Details of review of outstanding IRs in three Departments**

(₹ in lakh)

Sl. No.	Nature of irregularities	Food & Civil Supply		Planning		Urban Development & Housing	
		No. of Paragraphs	Amount	No. of Paragraph	Amount	No. of Paragraphs	Amount
1.	Unfruitful Expenditure/ Wasteful Expenditure	0	0	0	0	3	1549.99
2.	Idle Investment	0	0	0	0	1	1168.49
3.	Excess Expenditure	0	0	2	74.77	0	0
4.	Unauthorized Expenditure	0	0	1	40.18	1	146.42
5.	Doubtful Expenditure	1	0.95	0	0	2	34.84
6.	Irregular/ Inadmissible expenditure	1	2.98	6	891.77	2	117.94
7.	Unauthorized Expenditure	0	0	1	40.18	1	146.42
<b>Total</b>		<b>3</b>	<b>6.57</b>	<b>9</b>	<b>1006.7</b>	<b>11</b>	<b>3017.68</b>

Source: Monthly progress report, March 2023

Commissioners/ Secretaries of the concerned Departments were informed regarding the position through half-yearly reports.

**Recommendation:** *The State Government may ensure that the replies to IRs/ Audit Paragraphs are sent as per prescribed time schedule and losses/ outstanding advances/ overpayments pointed out in audit are recovered in a time bound manner.*

**Itanagar**  
**Dated: 11 August 2025**

  
**(VANLAL CHHUANGA)**  
**Principal Accountant General**  
**Arunachal Pradesh**

**Countersigned**

**New Delhi**  
**Dated: 26 August 2025**

  
**(K SANJAY MURTHY)**  
**Comptroller and Auditor General of India**

