

**CHAPTER – VI**

**FOLLOW UP OF AUDIT  
OBSERVATIONS**



## CHAPTER-VI

### FOLLOW UP OF AUDIT OBSERVATIONS

#### 6.1 Non-submission of Action Taken Notes

With a view to ensure accountability of the Executive in respect of all the issues dealt with in various Audit Reports, the Public Accounts Committee (PAC) of Mizoram issued (May 2000) instructions for submission of *suo moto* Action Taken Notes (ATNs) on all paragraphs and reviews (Performance Audits) featured in the Audit Report within three months of its presentation to the Legislature. For submission of the ATNs on its recommendations, the PAC has provided six months' time.

A review of follow-up action on submission of ATNs disclosed that there was pendency in respect of the Audit Reports for the years 2015-16 to 2018-19. The Audit Report for the year 2019-20 was laid on the table of the State Legislature on 16.02.2023.

#### 6.2 Response to audit observations and compliance thereof by the Executive

Principal Accountant General (Audit) conducts periodical inspections of Government Departments to assess, on a test-check basis, whether proper financial records and accounting practices are being maintained according to established rules and procedures. These inspections result in the issuance of Inspection Reports (IRs), which are sent to the heads of the inspected offices and higher authorities. Government regulations mandate prompt action on IRs by the Executive, and the heads of offices and higher authorities are obligated to rectify any identified issues and report their compliance to the Principal Accountant General. The office of the Principal Accountant General also brings significant irregularities to the attention of the heads of departments.

##### 6.2.1 Outstanding Inspection Reports and Paragraphs

Details of outstanding paragraphs pertaining to Social, General and Economic Sectors during the last five years are as shown in **Table-6.1** below:

**Table-6.1: Number (cumulative) of outstanding paragraphs**

Year	Social Sector	General Sector	Economic Sector
2016-17	802	244	630
2017-18	926	320	879
2018-19	1,055	410	1,018
2019-20	1,244	450	1,236
2020-21	1,336	491	1,315
2021-22	1,428	527	1,392

##### 6.2.2 Revenue Sector

As of June 2022, there were 186 pending IRs (Inspection Reports) totalling 719 paragraphs with a money value of ₹ 123.56 crore. The status of IRs for the past three years is outlined in the **Table-6.2** below:

**Table-6.2: Details of outstanding IRs under Revenue Sector**

Particulars	June 2019	June 2020	June 2021	June 2022
Number of outstanding IRs	123	159	174	186
Number of outstanding audit observations	378	611	666	719
Amount involved (₹ in crore)	90.55	75.87	104.87	123.56

### 6.2.2.1 Recovery of accepted cases

Details of revenue paragraphs included in the Audit Reports of the last five years and those accepted by the Departments and amount recovered are given in the following

**Table-6.3:**

**Table-6.3: Details of Revenue Paragraphs included in the Audit Reports and recovery made thereagainst**

(₹ in crore)

Year of Audit Report	No. of paragraphs included	Money value of the paragraphs	No. of paragraphs accepted	Money value of accepted paragraphs	Amount recovered as on 31 March 2022	Cumulative position of recovery of accepted cases
2015-16	5	3.63	4	1.61	0.02	0.02
2016-17	6	3.16	4	2.14	--	0.02
2017-18	3	2.06	3	2.05	0.15	0.17
2018-19	5	10.54	4	4.07	0.37	0.54
2019-20	5	2.45	5	2.45	0.44	0.98
<b>Total</b>	<b>24</b>	<b>21.84</b>	<b>20</b>	<b>12.32</b>		

The above **Table-6.3** shows that over the past five years, departments under the Revenue Sector have acknowledged 20 paragraphs with a money value of ₹ 12.32 crore, of which only ₹ 0.98 crore had been recovered as of 31 March 2022.

The Departments need to evolve a strong mechanism to monitor and ensure recovery of accepted cases.

### 6.3 Response of departments concerned to the draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are forwarded by the Principal Accountant General to the Principal Secretaries/ Secretaries of the departments concerned, drawing their attention to audit findings with a request to send their response within six weeks. Non-receipt of replies from departments/ Government is invariably indicated at the end of such paragraphs included in the Audit Report.

Eleven draft paragraphs proposed to be included in the Audit Report for the year ended 31 March 2022 were sent to Principal Secretaries/ Secretaries of the respective departments for their responses. Government response was received in respect of nine draft paragraphs which have been incorporated at appropriate places. No response was received from the Government in respect of two paragraphs.

#### **6.4 Audit Committee Meetings**

The State Government had constituted (04 September 2013) Audit Committee to consider and take measures for timely response and speedy settlement of outstanding IRs/ paragraphs pending in various Departments.

However, no meetings of the Audit Committee took place during the years 2020-2021 and 2021-2022.

The Government may ensure that Audit Committee convenes regularly to review, discuss, settle and take action on audit observations.

**Aizawl**  
**The: 02 August 2023**

  
**(LHUNKHOTHANG HANGSING)**  
**Principal Accountant General, Mizoram**

**Countersigned**

**New Delhi**  
**The: 04 August 2023**

  
**(GIRISH CHANDRA MURMU)**  
**Comptroller and Auditor General of India**

