

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 2023, 84 paragraphs (60 paragraphs and 24 performance audits) relating to the Audit Report for the years 2006-07 to 2019-20²³⁰ were awaiting discussion by the PAC. Of these, explanatory notes on 66 paragraphs (50 paragraphs and 16 performance audits) have not yet been received from the departments. 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
2015-16	6	Nil	6
2016-17	10	1	9
2017-18	9	2	7
2018-19	10	Nil	10
2019-20	6	1	5

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 2015-16 to 2019-20. The departments largely responsible for not submitting explanatory notes were Public Works Department (26), Agriculture (seven), Finance Department (six), Revenue Department (four) 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 the pendency can be reduced.

²³⁰ Audit Report for the year 2019-20 was placed in the State Legislature 28 March 2023.

Moreover, the list of outstanding paras was also forwarded to the Finance Department and the department concerned in June 2023.

(b) Committee on Public Undertakings

As of September 2023, 17 paragraphs (12 paragraphs and five performance audits) relating to the Audit Report for the years 2014-15 to 2019-20²³¹ were awaiting discussion by the COPU. Of these, explanatory notes on 13 paragraphs (nine paragraphs and four performance audits) have not yet been received from three departments. The departments responsible for not submitting explanatory notes on paragraphs were Industries and Commerce Department (eight), Power Department (four) and Forest Department (one).

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. Moreover, the list of outstanding paras were also forwarded to the Finance Department and the department concerned in June 2023.

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 2023, Action Taken Notes (ATNs) on 162 recommendations of the PAC made between 2010-11 and 2022-23 were awaited from the administrative departments concerned, of which, 54 pertained to Finance (Excise and Taxation) Department, 27 to Public Works (Roads and Building) Department, 11 to Social Welfare and Social Education Department, nine to Urban Development Department, seven to Transport Department, six each to Education (Higher) Department, Industries & Commerce Department, Public Works (Drinking Water and Sanitation) Department and Education (School) Department, five to Health and Family Welfare Department, four each to Fisheries Department and Animal Resource Development Department and 17 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 2023, ATNs on 58 recommendations of the COPU made between 2009-10 and 2014-15 were awaited from the administrative departments concerned, of which, 22 to Industries and Commerce Department (Tripura Jute Mills Ltd.: seven, Tripura Industrial Development Corporation Ltd.: eight, Tripura Small Industries

²³¹ Audit Report for the year 2019-20 was placed in the State Legislature 28 March 2023.

Corporation Ltd.: four, Tripura Tea Development Corporation Ltd.: two and Tripura Handloom & Handicraft Development Corporation: one), 13 each to the Forest Department (Tripura Forest Development and Plantation Corporation Ltd.) and Power Department (Tripura State Electricity Corporation Limited), seven to the Tribal Welfare Department (Tribal Rehabilitation in Plantation & Primitive Group Programme) and three to the Transport Department (Tripura Road Transport Corporation). 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 2022-23, though requested (July 2023), were not furnished (October 2023).

6.2.2 Apex Monitoring Committee

An Apex Monitoring 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 Monitoring Committee during 2022-23, though requested (July 2023), were not furnished (October 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 2,437 paragraphs included in 328 IRs issued during the last five years up to 2022-23 were pending for settlement as of September 2023. Of these, even the first reply had not been received in respect of 905 paragraphs involving 114 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
2018-19	98	639	17	129
2019-20	48	373	12	111
2020-21	86	665	45	332
2021-22	48	357	23	168
2022-23	48	403	17	165
Total	328	2,437	114	905

As a result, the following important irregularities commented upon in those IRs were not addressed as of September 2023.

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	390	543.95
Blocking of funds	114	439.66
Non-recovery of excess payments/ overpayments	118	127.96
Under assessment	74	10.71
Loss of Revenue	149	158.33
Misappropriation/ Suspected misappropriation	8	6.52
Others	1,616	1,873.90
Total	2,469	3,161.03

It is evident from **Table 6.3.2** that 2,469 cases for ₹ 3,161.03 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. Audit Committee Meeting was not held during 2022-23.

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 2,437 paragraphs involving ₹ 3,162.34 crore relating to 328 IRs issued during the last five years 2018-19 to 2022-23 which remained outstanding at the end of 30 September 2023 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 2023 are given in **Table 6.5.1**.


Table 6.5.1: Details of pending IRs

Position of IRs	Outstanding as of September 2023					Total
	2018-19	2019-20	2020-21	2021-22	2022-23	
Number of IRs pending for settlement	98	48	86	48	48	328
Number of outstanding audit observations	639	373	665	357	403	2,437
Money value involved (₹ in crore)	498.46	538.14	1,207.85	233.98	683.91	3,162.34

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: 31 December 2024


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Countersigned

New Delhi
The: 15 January 2025


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

