

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



## CHAPTER - VII

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#### **7.1 Response of the Departments to the recommendations of the Public Accounts Committee**

The Public Accounts Committee (PAC) 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 PAC 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 PAC to the Legislature.

As of March 2023, out of 2,145 recommendations of the PAC made during the period from 1990-91 to 2022-23, 1,217 ATNs on the recommendations had been submitted to the PAC and discussed.

#### **7.2 Monitoring**

The State Level Audit and Accounts Committee was formed (June 2008) under the Chairmanship of the Chief Secretary to monitor 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 2022-23, no State Level Audit and Accounts Committee meeting was convened.

#### **7.3 Outstanding Inspection Reports**

The Principal Accountant General (Audit), Nagaland conducts periodic inspection of the Government departments to test-check 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, 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 irregularities are reported to the Heads of the Departments and the Government.

As of March 2023, 1,845 IRs containing major paragraphs issued from 1997-98 onwards were pending for settlement. The large pendency of IRs was indicative of the absence of adequate action to rectify the defects, omissions and irregularities pointed out through IRs by the Heads of the Offices and Heads of the Departments.

***Recommendation: The State Government may look into the matter and consider streamlining the system to ensure timely response to audit observations. Action may be taken against the officials who do not furnish replies to IRs/paragraphs as per prescribed the time schedule and the losses/outstanding advances/overpayments may be recovered in a time-bound manner.***

#### **7.4 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 Principal Accountant General (Audit), Nagaland.

During 2022-23, 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.



**Kohima**  
**The 10 September 2025**

**(FREDERICK SYIEMLIEH)**  
**Principal Accountant General (Audit),**  
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**Countersigned**



**New Delhi**  
**The 22 September 2025**

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