

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

CHAPTER VII

FOLLOW UP OF AUDIT OBSERVATIONS

7.1 Follow-up action on earlier Audit Reports

7.1.1 Explanatory notes not submitted

The Reports of the C&AG represent the culmination of the audit scrutiny process. Therefore, it is imperative that these reports elicit appropriate and timely response from the executive. The Finance Department of the Government of Tripura issued (July 1993) instructions to all the administrative departments, directing them to initiate, *suo motu*, positive and concrete actions on all audit paragraphs and reviews featuring in the C&AG's Audit Reports regardless of whether the cases are taken up for examination by the Public Accounts Committee (PAC) or the Committee on Public Undertakings (COPU) of the Tripura Legislative Assembly or not, and to furnish detailed notes indicating the corrective or remedial actions taken or proposed to be taken within a period of three months of the presentation of the Audit Reports to the Legislature.

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

(a) Public Accounts Committee

As of September 2024, a total of 88 paragraphs (65 paragraphs and 23 performance audits) related to the Audit Reports for the years 2006-07 to 2021-22 were pending discussion by the PAC. Of these, explanatory notes on 68 paragraphs (51 paragraphs and 17 performance audits) had not been received from 19 departments. The position of pending explanatory notes on paragraphs and performance audits from the last five years' Audit Reports awaiting discussion by the PAC is shown in **Table 7.1.1**.

Table 7.1.1: Position of pending explanatory notes on paragraphs and performance audits of Audit Reports awaiting discussion by PAC during 2016-17 to 2021-22

Year of the Audit Report (Commercial/PSEs)	Date of placement of Audit Report in the State Legislature	Total performance audits and paragraphs included in the Audit Report		Number of performance audits/ paragraphs for which explanatory notes were not received	
		Performance audits	Paragraphs	Performance audits	Paragraphs
2016-17	23-11-2018	3	7	1	7
2017-18	30-08-2019	4	9	2	6
2018-19	17-03-2022	3 ²⁵⁷	10	2	7
2019-20	28-03-2022	1	5	3	3
2021-22 ²⁵⁸	08-01-2024	3	8	3	8
Total		14	39	11	31

The departments who had not submitted explanatory notes were Public Works (Roads and Building) Department: 29, six for Finance Department, five for Revenue Department, four for Rural Development Department, three each for Home (Police), Public Works (Water Resource) and Forest Departments, two each for Home (Jail),

²⁵⁷ Including one standalone Performance Audit Report on "Select District Hospitals in Tripura"

²⁵⁸ Only one Audit Report (*i.e.* Audit Report 2021-22) was published by merging Audit Reports for the years 2020-21 and 2021-22.

Health and Family Welfare Department and Food and Civil Supplies Departments and one each to other nine departments²⁵⁹.

The issue of pending explanatory notes for audit paragraphs was raised (July 2024) with the Finance Department, Government of Tripura with the objective to expedite the submission of these notes by the concerned departments to reduce the existing backlog.

(b) Committee on Public Undertakings

As of September 2024, 16 paragraphs (10 paragraphs and six performance audits) relating to the Audit Reports for the years 2014-15 to 2021-22 were awaiting discussion by the COPU. Of these, explanatory notes on 15 paragraphs (10 paragraphs and five performance audits) had not been received from the two departments. The departments responsible for non-submission of explanatory notes on were Industries and Commerce Department (11 paragraphs) and Power Department (four paragraphs).

The position of receipt of replies/ explanatory notes for these pending paragraphs/ performance audits from the State Government/ administrative departments concerned is given in Table 7.1.2.

Table 7.1.2: Position of pending Explanatory notes (as on 30 September 2024)

Year of the Audit Report (Commercial/ PSEs)	Date of placement of Audit Report in the State Legislature	Total performance audits and paragraphs included in the Audit Report		Number of performance audits/ paragraphs for which explanatory notes were not received	
		Performance audits	Paragraphs	Performance audits	Paragraphs
2014-15	23-03-2016	1	2	Nil	2
2015-16	15-03-2017	1	Nil	1	Nil
2016-17	23-11-2018	1	1	1	1
2017-18	30-08-2019	1	4	1	4
2018-19	17-03-2022	0	2	0	2
2019-20	28-03-2022	1	0	1	0
2021-22 ²⁶⁰	8-01-2024	1	1	1	1
Total		6	10	5	10

The issue of pending explanatory notes for audit paragraphs was raised (July 2024) with the Finance Department, Government of Tripura with the objective to expedite the submission of these notes by the concerned departments to reduce the existing backlog.

7.1.2 Discussion of Audit Reports by PAC/ COPU

The procedures for the State Legislatures in dealing with the CAG's Audit Reports are regulated by the rules framed or adapted under Article 208 of the Constitution of India. These rules provide for the examination of the Audit Reports by a Committee of the respective Legislature known as the Public Accounts Committee. Some of the State Legislatures have also established Public Undertakings Committees to consider the Audit Reports (Commercial) relating to the State public undertakings or the audit observations included in the chapters relating to corporations and companies contained in the Audit Reports of those States in respect of which separate Audit Reports

²⁵⁹ Transport, Public Works (DWS), education (School), Agriculture, Planning and Co-operation, Animal Resource, Law, UDD and Tourism

²⁶⁰ Only one Audit Report (*i.e.* Audit Report 2021-22) was published by merging Audit Reports for the years 2020-21 and 2021-22.

(Commercial) are not prepared. The Public Accounts and the Public Undertakings Committees of the Legislatures do not, however, function as executive bodies. They submit their reports containing their findings on the Audit Reports examined by them and their recommendations to the Legislature.

(a) Status of discussion of Audit Reports by PAC

The status of performance audits and paragraphs that featured in the State Audit Reports and subsequently discussed by the PAC from October 2023 to September 2024 is detailed in **Table 7.1.3**.

Table 7.1.3: Performance audits/ paragraphs featured in State Audit Reports *vis-à-vis* discussed by PAC from October 2023 to September 2024

Audit Report Year	Number of performance audits/ paragraphs			
	Appeared in Audit Reports		Discussed by PAC from October 2023 to September 2024	
	Performance audits	Paragraphs	Performance audits ²⁶¹	Paragraphs ²⁶²
2006-07	5	23	0	0
2007-08	4	19	0	2
2008-09	6	18	0	1
2009-10	3	13	0	0
2010-11	3	14	0	0
2011-12	4	9	1	0
2012-13	4	8	0	0
2013-14	5	7	0	0
2014-15	4	9	1	0
2015-16	5	9	0	0
2016-17	3	7	1	0
2017-18	4	9	0	0
2018-19	3	10	1	0
2019-20	1	5	0	0
2021-22	3	8	0	0
Total	57	168	4	3

We raised the issue of holding regular PAC meetings with Chairman PAC, Tripura Legislative Assembly (July 2024), with the objective of reducing the pendency of the discussion of the audit paras.

(b) Status of discussion of Audit Reports by COPU

The status of performance audits and paragraphs relating to PSEs that featured in the State Audit Reports and discussed by the COPU from October 2023 to September 2024 is detailed in **Table 7.1.4**.

Table 7.1.4: Performance audits/ paragraphs featured in State Audit Reports *vis-à-vis* discussed by COPU from October 2023 to 30 September 2024

Audit Report Year	Number of performance audits/ paragraphs			
	Appeared in Audit Reports		Discussed by COPU from October 2023 to September 2024	
	Performance audits	Paragraphs	Performance audits	Paragraphs ²⁶³
2013-14	1	3	Nil	3
2014-15	1	2	Nil	Nil

²⁶¹ Para 1.5 of AR 2011-12, Para 1.3 of AR 2016-17, Para 1.3 of AR 2014-15 and Para 2.2 of AR 2018-19

²⁶² Para 4.7 & 4.8 of AR 2007-08 and 2.12 of AR 2008-09

²⁶³ Para 3.3, 3.5 and 3.5 of AR 2013-14

Audit Report Year	Number of performance audits/ paragraphs			
	Appeared in Audit Reports		Discussed by COPU from October 2023 to September 2024	
	Performance audits	Paragraphs	Performance audits	Paragraphs ²⁶³
2015-16	1	Nil	Nil	Nil
2016-17	1	1	Nil	Nil
2017-18	1	4	Nil	Nil
2018-19	0	2	Nil	Nil
2019-20	1	Nil	Nil	Nil
2021-22	1	1	Nil	Nil
Total	7	13	Nil	3

We raised the issue of holding of regular COPU meetings was raised with Chairman COPU, Tripura Legislative Assembly (July 2024) with an objective to reduce the pendency of the discussion of the audit paras.

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

The administrative departments are required to take appropriate 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, the Heads of Departments must prepare Action Taken Notes (ATNs) detailing the action taken or proposed to be taken in response to the recommendations of the PAC/ COPU and submit the same to the State Assembly Secretariat.

(a) Public Accounts Committee

As of September 2024, ATNs on 160 recommendations of the PAC made between 2010-11 and 2023-24 were awaited from the concerned administrative departments, of which, 60 pertained to Finance (Excise and Taxation) Department, 19 to Public Works (Roads and Building) Department, 11 to Education (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 the concerned departments are required to expedite submission of ATNs to the PAC without further delays.

(b) Committee on Public Undertakings

As of September 2024, ATNs on 58 recommendations of the COPU made between 2010-11 and 2014-15 are pending submission from the concerned administrative departments as shown in Table 7.1.5.

Table 7.1.5: Compliance to COPU reports

Sl. No.	COPU Report Number	Date of placement in the State Assembly	Based on Audit Report for the year	Total No. of recommendations in COPU report	No. of recommendations where ATNs not received
1	41	01-11-2010	2000-01	5	5
2	42		2006-07	3	3
3	43		2002-03	8	8
4	44		1989-90	9	9
5	45	06-03-2012	2006-07	8	8
6	46		2007-08	5	5
7	47		2007-08	1	1
8	48		On spot study tour	5	5

Sl. No.	COPU Report Number	Date of placement in the State Assembly	Based on Audit Report for the year	Total No. of recommendations in COPU report	No. of recommendations where ATNs not received
			by COPU at TFDPC		
9	49	25-02-2014	2008-09	10	10
10	50	20-02-2015	2004-05	4	4
Total				58	58

Of these 58 recommendations, 13 each pertained to Forest Department (Tripura Forest Development and Plantation Corporation Ltd.) and Power Department (Tripura State Electricity Corporation Limited), 22 to Industries and Commerce Department (Tripura Industrial Development Corporation Ltd.: eight, Tripura Jute Mill Ltd.: seven, Tripura Small Industries Corporation Ltd.: four, Tripura Tea Development Corporation Ltd.: two, Tripura Handloom and Handicrafts Development Corporation: one), seven to Tribal Welfare (Tribal Rehabilitation in Plantation and Particularly Vulnerable Tribal Group) and three to the Transport Department (Tripura Road Transport Corporation).

Recommendation:

The State Government should review and strengthen the mechanisms for responding to audit observations. The Government may ensure that designated nodal officers of all Departments submit explanatory notes to audit paragraphs/ performance audits and ATNs on the recommendations of PAC and COPU promptly and without delay.

7.2 Monitoring

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

7.2.1 Departmental Monitoring Committee

Departmental Monitoring Committees (DMCs) were established (April 2002) by all Government departments, chaired by the respective departmental Secretaries, to monitor the follow up actions on Audit Reports and PAC/ COPU recommendations. The committees are mandated to convene monthly meetings and submit progress reports to the Finance Department on a monthly basis.

Details regarding the meetings of the DMCs during 2023-24, though called for (July 2024), were not furnished (October 2024).

7.2.2 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 regarding the meetings of the Apex Monitoring Committee during 2023-24, though called for (July 2024), were not furnished (October 2024).

7.3 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 the maintenance of initial accounts noticed during local audits and not settled on the spot are communicated to the audited entities and 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.

An analysis of the position of outstanding IRs showed that 2,003 paragraphs involving ₹ 2,776.97 crore included in 256 IRs issued during the last five years up to 2023-24 were pending for settlement, as of September 2024.

The year-wise position of outstanding IRs, paragraphs and money value involved for the last five years as on 30 September 2024 are given in **Table 7.3.1**.

Table 7.3.1: Details of pending IRs

Position of IRs	Outstanding as of September 2024					Total
	2019-20	2020-21	2021-22	2022-23	2023-24	
Number of IRs pending for settlement	47	80	48	43	38	256
Number of outstanding audit observations	327	590	332	362	392	2,003
Money value involved (₹ in crore)	434.55	930.11	221.49	430.55	760.27	2,776.97

The details in **Table 7.5.1** indicate that the departments were not serious in taking necessary action for final settlement of such cases.

Of these 2,003 paragraphs in 256 IRs, even the first reply had not been received in respect of 865 paragraphs involving 98 IRs, despite repeated reminders. The year-wise break-up of the outstanding IRs and the position of response thereto is given in **Table 7.3.2**.

Table 7.3.2: Position of Outstanding IRs where first reply not received

Years	No. of outstanding		First reply not received	
	IRs	Paras	IRs	Paras
2019-20	47	327	12	101
2020-21	80	590	27	218
2021-22	48	332	17	131
2022-23	43	362	12	123
2023-24	38	392	30	292
Total	256	2003	98	865

As a result, the following important irregularities commented upon in those IRs were not addressed as of September 2024.

Table 7.3.3: Irregularities not addressed

Nature of irregularities	Number of cases	Amount involved (₹ in crore)
Excess/ Irregular/ Avoidable/ Unfruitful/ Wasteful/ Unauthorised/ Idle expenditure	397	761.99
Blocking of funds	103	300.20
Non-recovery of excess payments/ overpayments	121	95.78
Under assessment	40	12.19
Loss of Revenue	150	91.58
Misappropriation/ Suspected misappropriation	10	5.85
Others	971	1,501.86
Total	1,792	2,769.45

It is evident from **Table 7.3.2** that 1,792 audit observations involving ₹ 2,769.45 crore across 865 IRs issued over the past five years remained unresolved. These observations pertain to serious financial irregularities including the blocking of funds, excess/ over payments, loss of revenue, under assessment, excess/ irregular/ wasteful/ idle expenditure, *etc.* and remained un-addressed by the departments concerned, highlighting a matter of serious concern.

7.4 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 the Deputy Accountant General, Tripura as Convener. The DACs are tasked with monitoring the progress in disposal of the outstanding audit paras and IRs issued by the Principal Accountant General (Audit), Tripura. Eleven Audit Committee meetings were held during 2023-24 wherein 67 IRs and 321 paragraphs were discussed and four IRs and 173 paragraphs had been settled.

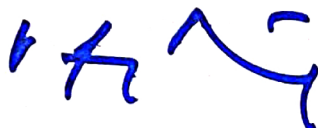
It is recommended that the Government may strengthen monitoring committees, existing process and ensure that an effective system exists for the timely responses to audit observations, thereby improving the efficiency and effectiveness of the audit process.

Agartala
The: 30 December 2025


(SHAIENDRA VIKRAM SINGH)
Principal Accountant General (Audit), Tripura

Countersigned

New Delhi
The: 13 January 2026


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

