CHAPTER VI
FOLLOW UP OF AUDIT OBSERVATIONS

6.1 Follow up on Audit Reports

As per the recommendations made by the High Powered Committee[172], *suo moto* Explanatory Notes on all paragraphs in the Audit Reports are to be submitted to the Public Accounts Committee (PAC)/ Committee on Public Undertakings (CoPU) by the concerned departments. A copy of the *suo moto* Explanatory Notes shall also be furnished to the Office of the Accountant General (Audit), Manipur for vetting.

Audit Report for the year 2022-23 (Report No. 2 of 2025) featured three Performance Audits, one Subject Specific Compliance Audits and eight Compliance Audit paragraphs. The Report was placed in the State Legislature on 10 March 2026. In respect of earlier Audit Reports for the years 1999-2022, *suo moto* Explanatory Notes pertaining to 427 Performance Audits and Compliance Audit paragraphs were not received within the stipulated period of three months from the Departments.

6.2 Action taken on the Recommendations of Public Accounts Committee

The Administrative Departments are required to take suitable action on the recommendations made in the Report of the Public Accounts Committee (PAC) presented to the State Legislature. Heads of Departments were to prepare comments on Action Taken Notes or proposed to be taken on the recommendations of the PAC and submit the same to the State Legislative Assembly Secretariat.

As of March 2025, the PAC had published 38 Reports[173] on the findings in the Audit Reports. These PAC Reports altogether contained 1,592 recommendations based on the examination of Audit Reports by the PAC. In respect of 21 Reports[174] of the PAC containing 737 recommendations, the Action Taken Notes (ATN) had been received. Of the remaining 855 recommendations contained in 17 Reports[175] of the PAC, no ATNs were received.

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172 High Powered Committee appointed to review the response of the State Governments to the Audit Reports of the Comptroller and Auditor General of India (Shakdher Committee Report).

173 Out of the 56 Reports published so far by PAC, 38 Reports pertain to Audit Report on Social, Economic, Revenue and General Sectors. The remaining 18 Reports pertains to SFARs (Excess Regularisations) and ATIRs.

174 1st to 10th, 21st, 23rd, 25th, 26th, 28th, 30th, 31st, 33rd, 34th, 35th and 36th PAC Reports.

175 11th to 19th, 38th, 40th, 45th, 47th, 49th, 51st, 54th and 56th PAC Reports, which are not included for the purpose of this analysis.

6.3 Monitoring compliance of Audit Observations

The following committees had been formed at the Government level to monitor the follow-up action on audit related matters:

Departmental Audit and Accounts Committees: Departmental Audit and Accounts Committees (DAAC) were formed (January 2010) by all the Departments of the State Government under the Chairmanship of the concerned Departmental Administrative Secretary to monitor the follow-up action on the audit related matters. The function of the DAACs were to monitor the progress in disposal of the outstanding audit paras and Inspection Reports issued by the Accountant General (Audit), Manipur and to review and supervise the working of the Departmental Audit and Accounts Sub-Committees constituted. The DAACs were to hold meeting once in three months. During 2023-24, no meeting of the DAAC was held.

State Audit and Accounts Committee: State Audit and Accounts Committees (SAAC) were formed (January 2010) at the State Level under the Chairmanship of the Chief Secretary to monitor the progress in disposal of outstanding audit objections and pending Inspection Reports and to review and oversee the working of the Departmental Audit and Accounts Committee (DAAC). The SAAC was to meet once in six months. During 2023-24, no meeting of the SAAC was held.

6.4 Outstanding Inspection Reports and Paragraphs

The Accountant General (Audit), Manipur conducts periodical audits of Government Departments to test-check transactions and verify the maintenance of accounts and other records according to the prescribed rules and procedures. When important irregularities detected during the audits are not settled on the spot, Inspection Reports (IRs) are issued to the Heads of the concerned Offices with a copy to the next higher authority.

6.4.1 Outstanding IRs and Paragraphs

Details of outstanding IRs and Paragraphs pertaining to General, Social and Economic (other than SPSEs) Sectors at the end of March 2024 and corresponding figures for the previous four years are as shown in **Table 6.4.1**.

Table 6.4.1: Details of outstanding IRs and Paragraphs pertaining to General, Social and Economic (other than SPSEs) Sectors at the end of March 2024

Year	General Sector		Social Sector		Economic Sector		Total	
	IRs	Paragraphs	IRs	Paragraphs	IRs	Paragraphs	IRs	Paragraphs
2019-20	376	1,685	869	4,143	992	4,788	**2,237**	**10,616**
2020-21	388	1,738	904	4,311	1,011	4,886	**2,303**	**10,935**
2021-22	401	1,783	923	4,426	1,093	5,376	**2,417**	**11,585**
2022-23	414	1,846	949	4,550	1,133	5,469	**2,496**	**11,865**
2023-24	421	1,885	985	4,747	1,202	5,859	**2,608**	**12,491**

Source: Records of the Accountant General (Audit), Manipur

6.4.2 Outstanding IRs and Paragraphs (Revenue sector)

At the end of June 2024, there were 355 pending Inspection Reports with 1,336 outstanding audit paragraphs involving ₹341.23 crore as outstanding audit observations. The corresponding figures for the preceding three years are also given in **Table 6.4.2**.

Table 6.4.2: Details of pending Inspection Reports

	June 2021	June 2022	June 2023	June 2024
Number of pending IRs	322	334	343	355
Number of outstanding audit observations	1,117	1,181	1,263	1,336
Amount involved *(₹ in crore)*	237.22	242.66	299.83	341.23

Source: Records of the O/o the Accountant General (Audit), Manipur.

The Department-wise details of the IRs and audit observations outstanding as on 30 June 2024 and their financial implications are mentioned in **Table 6.4.3**.

Table 6.4.3: Department-wise details of Outstanding Inspection Reports during 2023-24

(₹ in crore)

Name of Department	Nature of receipts	No. of outstanding		Money value involved
		IRs	Audit observations	
Taxation	Taxes on sales, trade *etc.*	68	273	130.86
Finance	Finance (Director Treasuries & Institutional Finance Cell	4	15	3.23
	Small Saving	2	7	0.11
	Local Fund Audit	3	20	0.48
Excise	State Excise	16	49	7.30
Revenue	Land revenue	136	448	39.39
Transport	Taxes on Motor Vehicles	95	360	144.61
Stamp and Registration	Stamp & Registration Fees	31	164	15.25
Total		**355**	**1,336**	**341.23**

Source: Records of the O/o the Accountant General (Audit), Manipur.

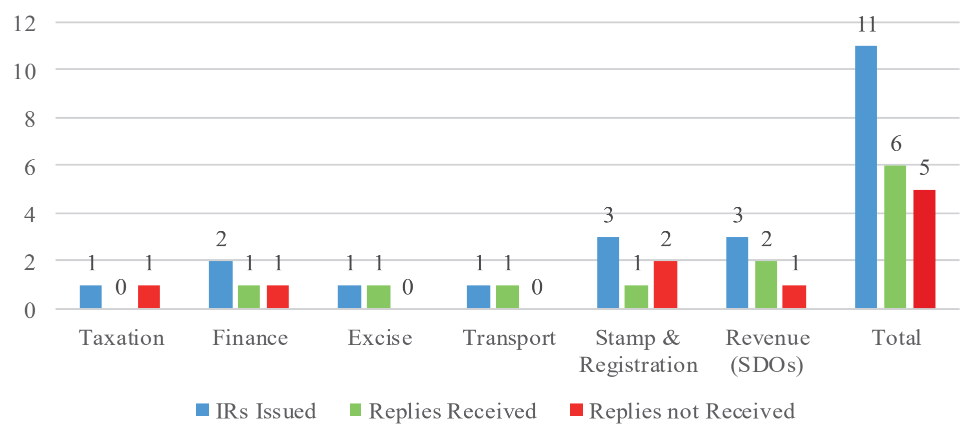
In respect of 11 IRs issued during 2023-24, Audit did not receive even the first replies from two heads of the offices of the Excise Department and Transport Department within the prescribed period from the date of issue of the IRs. In respect of the Finance Department, out of a total of two IRs issued during 2023-24, the first replies[176] have been received for one IR while replies for one IR are still pending even after the expiry of the mandated period of four weeks.

[176] First replies refer the replies received from the State Government/ Department after issuing the IRs to them

Similarly, in respect of Stamp and Registration Department out of a total of three IRs issued during 2023-24, first replies have been received for one IR while replies for two IRs are still pending.

During 2023-24, 11 IRs were issued to the Auditee units. The status of IRs issued and replies received is depicted in **Chart 6.4.1**.

Chart 6.4.1: Status of IRs issued during 2023-24



Source: Records of the Accountant General (Audit), Manipur

Moreover, as of June 2024, there was 355 IRs pending for settlement.

The large pendency was due to the non-receipt of the replies/ further clarification and is indicative of the fact that the Heads of Offices and the departments had not given due importance to the audit findings and had not initiated any action to rectify the omissions and irregularities pointed out by Audit.

6.5 Response of departments concerned to draft audit paragraphs

The draft audit paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India (CAG) are forwarded to the Principal Secretary/ Secretaries of the concerned Department, drawing their attention to the audit findings and requesting them to send their response within the prescribed time of six weeks. Non-receipt of the replies from the Departments/ Government is invariably indicated at the end of such paragraphs where replies are not received. The responses received from the Department have been incorporated in the Audit Report.

Six draft paragraphs including one Subject Specific Compliance Audit and five Performance Audit reports proposed to be included in the Audit Report for the year ended 31 March 2024 were sent to Principal Secretaries/ Commissioners / Secretaries of the respective departments for their responses. Government response was received in respect of four paragraphs and five performance audits which have been incorporated at appropriate places. No response was received from the Government/ Department in respect of two paragraphs.

6.6 Recommendations

It is recommended that the Government may review the matter and ensure:

i. ***Submission of Action Taken Notes to the recommendations of the Public Accounts Committee (PAC)/ Committee on Public Undertakings (CoPU); and***

ii. ***Convening of regular meetings of Departmental Audit and Accounts Committee (DAAC) and State Audit and Accounts Committee (SAAC) to review, discuss and monitor the progress in disposal of outstanding Inspection Reports and paragraphs.***

Imphal
The 12 June 2026

(HARI PRAKASH)
Accountant General (Audit), Manipur

Countersigned

New Delhi
The 15 June 2026

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