

CHAPTER XXVIII

Follow-up on Audit Reports (Commercial)

The Lok Sabha Secretariat requested (July 1985) all the Ministries to furnish notes (duly vetted by Audit) indicating remedial/corrective action taken by them on the various paragraphs/appraisals contained in the Audit Reports (Commercial) of the Comptroller and Auditor General of India as laid on the table of both the Houses of Parliament. Such notes were required to be submitted even in respect of paragraphs/appraisals which were not selected by the Committee on Public Sector Undertakings (COPU) for detailed examination. The COPU in its second Report (1998-99-Twelfth Lok Sabha) while reiterating the above instructions, recommended:

- setting up of a monitoring cell in each Ministry for monitoring the submission of Action Taken Notes (ATNs) in respect of Audit Reports (Commercial) on individual Public Sector Undertakings (PSUs);
- setting up of a monitoring cell in Department of Public Enterprises (DPE) for monitoring the submission of ATNs in respect of Reports containing paras relating to a number of PSUs under different Ministries; and
- submission to the Committee within six months from the date of presentation of the relevant Audit Reports of follow up ATNs duly vetted by Audit in respect of all Reports of the CAG presented to Parliament.

While reviewing the follow up action taken by the Government on its above recommendations, the COPU in its First Report (1999-2000 - Thirteenth Lok Sabha) reiterated its earlier recommendations that the DPE should set up a separate monitoring cell in the DPE itself to monitor the follow-up action taken by various Ministries/Departments on the observations contained in the Audit Reports (Commercial) on individual undertakings. Accordingly, a monitoring cell is functioning in the DPE since August, 2000 to monitor the follow up on submission of the ATNs by concerned administrative Ministries/Departments. Monitoring cells have also been set up within the concerned Ministries for submission of ATNs on various reports of CAG (Commercial).

A review in Audit revealed that inspite of reminders from Audit, the remedial/corrective action taken notes on the paragraphs/appraisals contained in the last five years' Audit Reports (Commercial) relating to the PSUs under the administrative control of various Ministries, as detailed in Appendix-II, were not received by Audit for vetting.

In respect of Audit Reports (Commercial) for the last five years (upto 2004), out of 404 paragraphs/ reviews on which ATNs were awaited, 32, 40, 77, 109 and 146 were awaited for Audit Reports (Commercial) of 2000, 2001, 2002, 2003 and 2004 respectively. For Audit Reports (Commercial) of 2005, which were presented to Parliament in March/May

2005, ATNs on 394 paras/reviews out of total 609 paras/reviews were awaited from various Ministries till October 2005.

Out of 798 paragraphs on which ATNs are awaited, 104 paragraphs related to the PSUs under the Ministry of Finance (Banking Division), 100 paragraphs related to PSUs under the Ministry of Petroleum and Natural Gas, 83 paragraphs related to PSUs under the Ministry of Communications and 67 paragraphs related to PSUs under the Ministry of Steel.

**New Delhi
The 17 March 2006**

**(A. BASU)
Deputy Comptroller and Auditor General
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Countersigned

**New Delhi
The 21 March 2006**

**(VIJAYENDRA N. KAUL)
Comptroller and Auditor General of India**