

CHAPTER-VI

FOLLOW UP OF AUDIT OBSERVATIONS

6.1 *Follow up on Audit Reports*

As per the recommendations made by the High Powered Committee (HPC), *suo moto* explanatory notes on corrective/remedial measures taken on all paragraphs included in Audit Reports are required to be submitted by the Departments duly vetted by the Accountant General to PAC/COPU within three months¹ from the date of placing of Audit Reports in the Legislature.

However, as of March 2013 *suo moto* explanatory notes pertaining to 299 paragraphs/reviews for the Audit reports for the years 1999-2011 were not received within the stipulated period of three months either from the Departments or through the Manipur Legislative Assembly Secretariat.

6.2 *Action taken on Recommendation of Public Accounts Committee*

The Administrative Departments were required to take suitable action on the recommendations made in the Report of the PAC presented to State Legislature. Following the circulation of the Reports of the PAC, heads of Departments were to prepare comments on action taken or proposed to be taken on the recommendations of the PAC and submit the same to the Assembly Secretariat.

Seven hundred and eighty (780) recommendations of the PAC, made in its eleventh to thirty seventh Report were pending settlement as of March 2013 due to non-receipt of Action Taken Notes/Reports.

6.3 *Monitoring 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 Committee: Departmental Audit and Accounts Committee (DAAC) had been formed (January 2010) by all departments of the Government under the Chairmanship of the concerned Departmental Administrative Secretary to monitor the follow up action on

¹ *Suo-moto* replies to be furnished within three months; in case Audit paragraphs are not selected by the PAC/COPU during this period.

Audit related matters. The function of the DAAC was to monitor the progress in disposal of the outstanding audit paras and Inspection Reports issued by the Accountant General and to review and supervise the working of the Departmental Audit and Accounts Sub-Committee (DAASC) constituted. The DAAC was to hold meeting once in three months.

During 2011-12, no meeting of the DAAC was held.

State Audit and Accounts Committee: State Audit and Accounts Committees (SAAC) had been 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 2011-12, one meeting of the SAAC was held in October 2011.

6.4 Response to audit observations and outstanding Inspection reports

The Accountant General (Audit) arranges to conduct periodical inspection of Government Departments to test-check the transactions and verify the maintenance of accounts and other records according to prescribed rules and procedures. When important irregularities detected during the inspection 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.

As of March 2013, 1486 IRs issued from 2003-04 to 2011-12 were outstanding for settlement. Even the initial replies, which were required to be received from the Heads of Officer within six weeks from the date of issue were not received from the Departments as on March 2013. Thus, non-furnishing of replies and inaction against the defaulting officers involve risks of financial irregularities and possible loss to the Government. The year-wise breakup of the outstanding IRs is given below:

Year	Civil		Revenue		Commercial	
	No. of IRs	No. of Paras	No. of IRs	No. of Paras	No. of IRs	No. of Paras
2003-04	129	637	41	100	22	73
2004-05	136	554	37	106	15	43
2005-06	119	725	14	45	9	52
2006-07	175	723	29	80	16	50
2007-08	123	409	41	105	8	37
2008-09	125	553	25	75	15	66
2009-10	81	424	23	67	15	73
2010-11	104	499	28	95	15	50
2011-12	97	507	31	99	13	47
Total	1089	5031	269	772	128	491

IRs:- Inspection Reports

It is recommended that the Government may review the matter and ensure that an effective system exists for: (a) taking action against defaulting officials, who had not sent replies to IRs/Paragraphs as per the prescribed time schedule, (b) taking action to recover loss/outstanding advances/overpayments in a time bound manner, and (c) revamping the system to ensure prompt and timely response to audit observations.



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