

## CHAPTER V FOLLOW UP OF AUDIT OBSERVATIONS

### 5.1 Failure to submit *suo motu* explanatory notes

The Reports of the Comptroller and Auditor General of India are prepared and presented to the State Legislature. To ensure accountability of the Executive to the issues contained in these Audit Reports, the Public Accounts Committee (PAC) of the Meghalaya Legislative Assembly issued instructions (July 1993) for submission of *suo motu* explanatory notes by the concerned Administrative Departments within one month of presentation of the Audit Reports in the State Legislature. The position of *suo motu* explanatory notes not received as on 30 September 2018 is shown in the table below:

**Table 5.1.1: Explanatory notes not received (as on 30 September 2018)**

Year of Audit Report	Date of placement of Audit Report in the State Legislature	Total performance audits (PAs) and Paragraphs in the Audit Reports		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2010-11	23 March 2012	3	14	Nil	1
2011-12	9 October 2013	2	13	Nil	5
2012-13	16 June 2014	3	12	1	4
2013-14	24 September 2015	3	16	Nil	2
2014-15	23 March 2016	3	13	Nil	5
2015-16	24 March 2017	3	9	1	5
2016-17	27 September 2018	3	7	1	1
<b>Total</b>		<b>20</b>	<b>84</b>	<b>3</b>	<b>23</b>

### 5.2 Discussion of Audit Reports by PAC/COPU

Of the 20 PAs and 84 compliance audit paragraphs listed in table 5.1.1 above, as of 30 September 2018, the PAC discussed 11 compliance audit paragraphs and the Committee on Public Undertakings (COPU) discussed 10 paragraphs. While the PAC had not discussed a single PA, the COPU discussed 2 PAs that featured in the Audit Reports for the period 2010-11 to 2016-17.

### 5.3 Response of the departments to the recommendations of the PAC/COPU

The Administrative Departments were required to take suitable action on the recommendations made in the Report of the PAC/COPU presented to the State Legislature. Following the circulation of the Reports of the PAC/COPU, the departments were to prepare action taken notes (ATNs) indicating action taken or proposed to be taken on the recommendations of the PAC/COPU and submit them to the Assembly Secretariat. The PAC specified the time frame for submission of ATNs as six weeks upto its 32<sup>nd</sup> Report (December 1997) and six months in its 33<sup>rd</sup> Report (June 2000).

Review of 17 Reports<sup>1</sup> of the PAC involving 15 Departments<sup>2</sup> presented to the Legislature between April 1995 and March 2017, revealed that none of these Departments had sent the ATNs to the Assembly Secretariat as of March 2018.

Similarly, review of five Reports of COPU involving four Departments, viz Transport, Commerce & Industries, Tourism and Power presented to the Legislature between April 2008 and March 2017 also revealed that none of these Departments had sent the ATNs to the Assembly Secretariat as of March 2018.

Thus, the fate of the recommendations contained in the Reports of the PAC/COPU and whether they were being acted upon by the Administrative Departments could not be ascertained in audit.

During 2017-18, PAC/ COPU did not submit any Reports to the State Legislature.

#### **5.4 Outstanding Inspection Reports and Paragraphs**

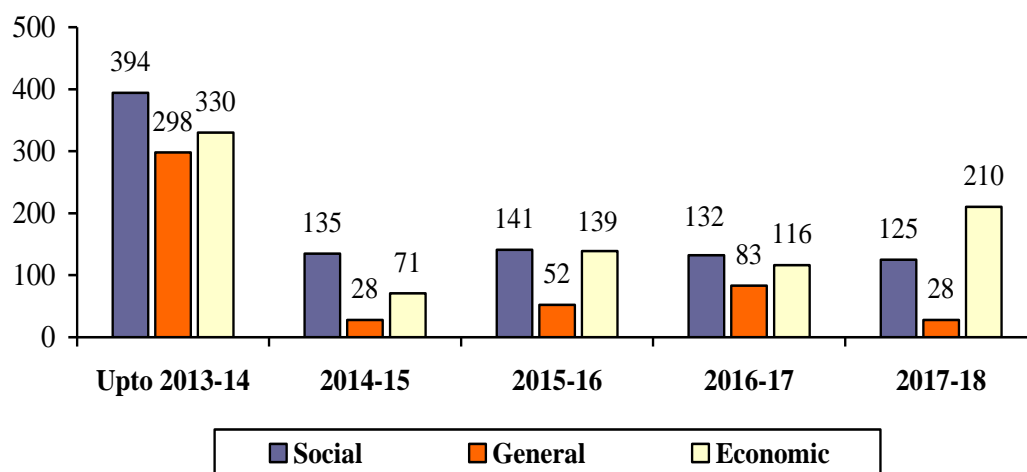
The Meghalaya Financial Rules, 1981 provide for prompt response by the Executive to the Inspection Reports (IRs) issued by the Accountant General (Audit) of the State (AG) to ensure rectificatory action in compliance with the prescribed rules and procedures and accountability for the deficiencies and lapses noticed during inspection. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and omissions promptly and report their compliance to the AG. Serious irregularities are also brought to the notice of the Heads of the Department by the AG through a half-yearly report in respect of pending IRs to facilitate monitoring of the Audit observations and for taking appropriate corrective action.

At the end of June 2019, 2725 paragraphs pertaining to General, Social and Economic Sectors for the period 1988-89 to 2018-2019 were outstanding. The year-wise break-up of the outstanding paragraphs upto 2017-18 is given below:

---

<sup>1</sup> Between April 1995 and December 1997 (10 reports), in June 2000 (one report), April 2005 (one report), April 2007 (one report), March 2010 (one report), March 2011 (one report), March 2012 (one report) and March 2017 (one report).

<sup>2</sup> Containing recommendations on 59 paragraphs of Audit Reports.

**Chart 5.1: Number of Outstanding paragraphs**

## 5.5 Committees for disposal of outstanding audit observations

The following Committees have been formed at the Government level to review the follow up action on Audit Reports and explanatory notes.

### 5.5.1 Apex Committee

An Apex Committee (State Audit and Accounts Committee) has been formed (August 2009) at the State level under the Chairmanship of Chief Secretary to review the progress in disposal of outstanding audit observations, timely furnishing of explanatory notes to PAC/ COPU, other accounts or audit related matters, *etc.* The Apex Committee was to meet at half yearly intervals.

During 2017-18, one Apex Committee meeting was held on 1<sup>st</sup> November 2017 wherein, the Chief Secretary directed all the Administrative Departments to convene the Departmental Audit and Accounts Committee meeting to review the matters relating to outstanding audit observations, pending IRs, reconciliation of Accounts and other audit related matters.

### 5.5.2 Departmental Audit & Accounts Committee

Departmental Audit and Accounts Committees (DAAC) have been formed (August 2009) by all departments of the Government under the Chairmanship of the Departmental Secretary to review the progress in disposal of pending IRs, audit matters pertaining to Public Sector Undertakings, follow up action on Audit Reports and explanatory notes to PAC/COPU, *etc.* The DAAC were to hold meetings quarterly.

During 2017-18, eight DAAC meetings were held with the Secretariat Administration, Soil & Water Conservation, Agriculture and Planning Departments, where eight IRs and 79 paragraphs were settled.

### **5.5.3 Audit Committees**

For expeditious settlement of outstanding audit observations and IRs, the State Government constituted 'Audit Committees' consisting of Secretary to the State Government in the Administrative Department concerned, a senior officer from the Finance Department and a representative of the Principal Accountant General (Audit). During 2017-18, eight Audit Committee meetings were held with Education, Co-operation, Community & Rural Development, Public Works, Public Health Engineering, Water Resources and District Council Affairs Departments and Meghalaya Energy Corporation Limited, where 26 IRs and 393 paragraphs were settled.

Shillong  
The 28 October 2019



**(STEPHEN HONGRAY)**  
Principal Accountant General (Audit),  
MEGHALAYA

Countersigned

New Delhi  
The 31 October 2019



**(RAJIV MEHRISHI)**  
Comptroller and Auditor General of India