

Response of Government to Audit: Non-PSUs

Position of Inspection Report

Response of Government to Audit

The Hand Book of Instructions for speedy settlement of Audit observations/ Inspection Reports (IRs) issued by the Government (Finance Department) provides for prompt response by the Executive to IRs issued by the Accountant General (Audit) to ensure remedial/ rectification action in compliance with the prescribed rules and procedures. The Heads of offices and next higher authorities are required to comply with the observations contained in the IRs and rectify the defects and report their compliance to the Accountant General (Audit).

Based on the results of test audit, 45,170 audit observations contained in 11,016 IRs pertaining to the period 1998-2018 and outstanding as on 31 March 2018 are given below:

Details showing the Audit observations outstanding at the end of 31 March 2018

Name of Sector	Opening Balance (01 April 2017)		Additions during the year 2017-18		Settled during the year 2017-18		Closing Balance (31 March 2018)	
	No. of Inspection Reports	No. of Paragraphs	No. of Inspection Reports	No. of Paragraphs	No. of Inspection Reports	No. of Paragraphs	No. of Inspection Reports	No. of Paragraphs
Social Sector (Non- PSUs)	5,008	22,058	529	3,886	248	1,963	5,289	23,981
General Sector (Non- PSUs)	1,544	4,739	167	1,032	77	573	1,634	5,198
Economic Sector (Non- PSUs)	4,073	16,409	525	3,196	505	3,614	4,093	15,991
Total	10,625	43,206	1,221	8,114	830	6,150	11,016	45,170

The pendency of large number of paragraphs indicate lack of response of the Government Departments to Audit. The Government may look into this matter and revamp the system to ensure proper response to the audit observations from the departments in a time-bound manner. Further, no Audit Committee was constituted by the State Government during the year 2017-18 for discussion of pending objections. The respective departments may constitute Audit Committees, hold its meetings and monitor the progress of settlement of paragraphs.

Revenue Sector

Position of Inspection Reports

The summarised position of the Inspection Reports of Departments of Finance (Commercial Taxes), State Excise, Law (Stamp Duty and Registration Fee), Transport (Motor Vehicles) under Revenue Sector issued during the last five years, paragraphs included in these Reports and their status as on 31 March 2018 is tabulated below.

Position of Inspection Reports

(` in crore)

Sl. No.	Year	Opening Balance			Addition during the year			Clearance during the year			Closing balance during the year			Percentage of paragraphs cleared
		IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	IRs	Para-graphs	Money value	
1.	2013-14	575	2,472	1,023.77	56	515	180.29	14	157	15.77	617	2,830	1,188.29	05
2.	2014-15	617	2,830	1,188.29	59	553	67.00	08	194	24.93	668	3,189	1,230.36	06

3.	2015-16	668	3,189	1,230.36	70	494	76.86	07	140	25.90	731	3,543	1,281.32	04
4.	2016-17	731	3,543	1,281.32	51	403	329.16	28	237	424.04	754	3,709	1,186.44	06
5.	2017-18	754	3,709	1,186.44	89	767	173.79	09	110	41.24	834	4,366	1,318.99	02

The clearance and settlement of audit paragraphs at the end of each year was minuscule, ranging between two *per cent* and six *per cent* of the total number of pending audit paragraphs. Lackadaisical approach of executive action on audit observations weakens accountability and raises the risk of avoidable loss of revenue. The continuous increase in the number of pending audit paragraphs merits the attention of the Government to ensure effective mechanisms to regularly monitor and review the compliance and settlement of audit observations including constitution of audit committees in each department.