

**NON-COMPLIANCE BY
MINISTRIES/DEPARTMENTS
IN TIMELY SUBMISSION OF
ACTION TAKEN NOTES ON
THE NON-SELECTED AUDIT
PARAGRAPHS**

[Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Eleventh Report (15th Lok Sabha)]

**MINISTRY OF FINANCE
(DEPARTMENT OF EXPENDITURE)**

**PUBLIC ACCOUNTS COMMITTEE
2011-2012**

FORTY-FIFTH REPORT

FIFTEENTH LOK SABHA



**LOK SABHA SECRETARIAT
NEW DELHI**

FORTY-FIFTH REPORT
PUBLIC ACCOUNTS COMMITTEE
(2011-12)
(FIFTEENTH LOK SABHA)

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MINISTRY OF FINANCE
(DEPARTMENT OF EXPENDITURE)

Presented to Lok Sabha on 19.12.2011

Laid in Rajya Sabha on 19.12.2011



LOK SABHA SECRETARIAT
NEW DELHI
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COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2011-12)

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Dr. Baliram
4. Shri Sandeep Dikshit
5. Shri Anant Kumar Hegde
6. Shri Bhartruhari Mahtab
7. Shri Shripad Yesso Naik
8. Shri Sanjay Nirupam
9. Shri Jagdambika Pal
10. Dr. Kavuru Sambasiva Rao
11. Shri Adhi Sankar
12. Kunwar Rewati Raman Singh
13. Shri K. Sudhakaran
14. Dr. M. Thambidurai
15. Dr. Girija Vyas

Rajya Sabha

16. Shri Tariq Anwar
17. Shri Prasanta Chatterjee
18. Shri Naresh Gujral
19. Shri Prakash Javadekar
20. Shri Satish Chandra Misra
21. *Shri J.D. Seelam
22. Prof. Saif-ud-Din Soz

SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri M.K. Madhusudhan — *Additional Director*

* Elected *w.e.f.* 29th August 2011, *vide* the vacancy occurred *vice* Smt. Jayanti Natarajan appointed Minister *w.e.f.* 12th July, 2011.

INTRODUCTION

I, the Chairman, Public Accounts Committee (2011-12), having been authorised by the Committee, do present this Forty-Fifth Report (Fifteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Eleventh Report (Fifteenth Lok Sabha) on '**Non-compliance by Ministries/Departments in Timely Submission of Action Taken Notes on the Non-Selected Audit Paragraphs**' (Ministry of Finance—Department of Expenditure).

2. The Eleventh Report was presented to Lok Sabha/Laid in Rajya Sabha on 29th April, 2010. Replies of the Government to the Observations/Recommendations contained in the Report were received on 31st December, 2010. The Public Accounts Committee considered and adopted this Report at their sitting held on 23rd September, 2011. Minutes of the sitting are given at *Appendix- I*.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Eleventh Report (Fifteenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI;
15 November, 2011

24 Kartika, 1933 (*Saka*)

DR. MURLIMANOHAR JOSHI
Chairman,
Public Accounts Committee.

CHAPTER I

REPORT

This Report of the Public Accounts Committee deals with the action taken by the Government on the Observations/Recommendations of the Committee contained in their Eleventh Report (15th Lok Sabha) on 'Non-Compliance by the Ministries/Departments in Timely Submission of Action Taken Notes on Non-selected Audit Paragraphs' relating to the Ministry of Finance (Department of Expenditure).

2. The Eleventh Report (15th Lok Sabha) was presented to Lok Sabha/laid in Rajya Sabha on 29th April, 2010. The Report contained 10 Observations/Recommendations. Action Taken Notes in respect of all the Observations/Recommendations have been received from the Ministry of Finance (Department of Expenditure) and these have been categorized as under:

- (i) Observations/Recommendations of the Committee which have been accepted by the Government:

Paragraph Nos. 1, 2, 4, 5, 7, 8, 9 and 10

Total: 8
Chapter II

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

Paragraph No. -Nil-

Total: 0
Chapter III

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Paragraph No. 3

Total: 1
Chapter IV

- (iv) Observations/Recommendations in respect of which the Government have furnished interim replies:

Paragraph No. 6

Total: 1
Chapter V

3. The Eleventh Report of the Committee was based on Non-Compliance by the Ministries/Departments in timely submission of action taken notes on the audit paragraphs which were not selected for detailed examination by the Committee. The detailed examination of the subject by the Committee revealed inordinate delays in submission of Remedial/Corrective Action Taken Notes by various Ministries/Departments; 4934 Action Taken Notes pending with various Ministries/Departments since 1997-98 despite repeated directions of the Committee for their timely submission; deficiency in monitoring mechanism both at the Ministry/Department level as well as in the Department of Expenditure, etc. The Committee had accordingly given their Observations/Recommendations in the Eleventh Report.

4. The Action Taken Notes furnished by the Ministry of Finance (Department of Expenditure) to each of the Observations/Recommendations of the Committee contained in their Eleventh Report have been reproduced in the relevant chapters of this Report. The Committee will now deal with the action taken by the Government on their Observations/Recommendations which either need reiteration on merit comments.

A. Large Scale Pendency of Action Taken Notes in Various Ministries/Departments

(Recommendation Para No. 3)

5. In their Eleventh Report, the Committee had observed that as on 15th March, 2010 as many as 4934 Action Taken Notes were pending with various Ministries/Departments for a very long period *i.e.* from the year 1997-98 to 2007-08. The break up being 3646 paras related to Department of Revenue (3172 CBDT, 462 CBEC and 12 relating to Department of Revenue) followed by Ministry of Railways (553), Defence (202), Telecommunication (90) and Health (49). As per information furnished by the Office of C&AG, as of February, 2010, a total of 3450 Action Taken Notes were pending in various Ministries/Departments. Out of these 2208 pertain to revenue wing comprising Central Board of Direct Taxes (CBDT) and Central Board of Excise and Customs (CBEC) alone, followed by Railways wing (481), Defence wing (229), Autonomous Bodies wing (180), Scientific Departments wing (165), and Civil Ministry Wing (142). Further out of these 3450 pending paras, Action Taken Notes in respect of 1891 paras had not been received in the Audit even for the first time. Though Action Taken Notes in respect of 960 paras were received by the Audit, these were returned to the respective Ministries/Departments for clarifications which were still awaited. The Committee had expressed their serious concern and displeasure over the indifference shown by the Ministries/Departments and deficiencies in the monitoring mechanism both at the Ministry/Department level as well as in the Department of Expenditure, the nodal agency for monitoring the Action Taken Notes and had therefore, impressed upon the Ministries/Departments that the Chief Accounting Authorities should be made personally accountable in all cases of abnormal delays in taking remedial actions and submitting Action Taken Notes to the Public Accounts Committee.

6. The Ministry of Finance, Department of Expenditure in their Action Taken Notes has stated as under:—

"Concern/displeasure expressed by the Committee regarding large scale pendency of Action Taken Notes (ATNs) on Audit Paras in various Ministries/Departments over long periods were communicated by the Department of Expenditure to concerned Ministries/Departments for compliance/expeditious settlement of pending Action Taken Notes. Instructions were also issued to all the Secretaries of the Government of India at the level of Secretary (Expenditure) *vide* Office Memorandum dated 1st July, 2010 that they will be personally responsible/accountable as Chief Accounting Authority for ensuring that Action Taken Notes on audit paras are finalized within the prescribed time frame. Further, as a follow up action on the observations of the Committee regarding deficiencies in the monitoring mechanism both at the level of Ministry/Department and Department of Expenditure/Monitoring Cell, it is submitted that all the Secretaries of the Government of India were advised by Secretary (Exp.) *vide* O.M. dated 1st July, 2010 to put in place proper monitoring mechanism by way of setting up of Standing Audit Committee (SAC) to be chaired by Secretary/Special Secretary including the Financial Adviser and also conducting Action Taken Note (ATN) Adalat/workshop to ensure speedy resolution of pending audit paras. Detailed guidelines for establishment of Standing Audit Committee in consultation with C&AG were issued *vide* Department of Expenditure's OM dated 2nd August, 2010. The nominee of the C&AG will participate in the SAC in respect of Ministry of Defence, Railways, Department of Telecommunication and Department of Revenue (CBDT & CBEC) against whom large number of paras are pending. The SAC, as a nodal agency, will monitor and review the submission of Action Taken Notes on Audit Paras on a monthly basis so as to ensure that all audit paras are responded to within the stipulated time limit and also take appropriate remedial measures for systematic and other required changes in order to prevent recurrence of persistent irregularities pointed out in the audit paras. Simultaneously, Ministries/Departments have been advised to organize Action Taken Note Adalat/Workshop every quarter inviting representative of audit to resolve and finalise pending Action Taken Notes.

As a result of various measures taken by the Department of Expenditure, position of pending audit paras in various Ministries/Departments have shown considerable improvement. The pendency position has come down from 4934 pending Action Taken Notes earlier reported by Monitoring Cell as on 15th March, 2010 in respect of CAG reports from 1997-98 to 2007-08 to 2284 as on 30th September, 2010. Out of 2284 pending ATNs, total 848 Action Taken Notes (excluding current year paras) are reported to have not been sent to Audit even for the first time by the Ministries/Departments as against 1891 paras reported by Audit earlier."

7. The Committee deplore that notwithstanding some measures initiated by the Government, ATNs in respect of 848 Paras were not sent by the concerned Ministries/Departments to the Audit for vetting even for the first time. The Committee recommend that the Ministry of Finance (Department of Expenditure) ask all the defaulting Ministries/Departments to liquidate the arrears of pending Action Taken Notes within the prescribed time frame of four months. They would also like to be apprised of the progress made in this regard within three months from the presentation of the Report alongwith the particulars of Ministries who persist defaulting. The Ministry of Finance also need to evolve a firm procedure so that all such delays are reported to the Public Accounts Committee at regular intervals.

B. Variation in the figures relating to pending Action Taken Notes in various Ministries/Departments furnished by the Monitoring Cell, Department of Expenditure & the Office of C&AG

(Recommendation Para No. 9)

8. The Committee in their Eleventh Report had observed that there is variation in the figures furnished by the Monitoring Cell Department of Expenditure and the Office of C&AG relating to pending Action Taken Notes in various Ministries/Departments. According to the information furnished by the Monitoring Cell of the Department of Expenditure, Ministry of Finance as on March, 2010, Action Taken Notes in respect of 4934 paras, contained in the Audit Reports from 1997-98 to 2007-08 are pending in various Ministries/Departments. However, this figure is at variance with that furnished by Audit as according to them, Action Taken Notes in respect of 3450 Audit Paras are pending from different Ministries/Departments as on February, 2010. The detailed examination of the subject by the Committee had revealed that the problem of conciliation of figures between the Audit and Department of Revenue viz. CBDT and CBEC was more acute. Further it was observed that in respect of Scientific Ministries, Audit had shown a large number of old paras outstanding while the Ministries were showing them as cleared. The Committee had, therefore, recommended that the Ministry of Finance (Department of Expenditure) should coordinate with the various Ministries/Departments and the Audit in order to reconcile the figures relating to pending Action Taken Notes and eventually to arrive at a precise figure at the earliest. The Committee had also desired to be apprised of the progress made in this regard.

9. The Ministry of Finance, Department of Expenditure in their Action Taken Notes has stated as under:—

"The Committee pointed out variation in the figures of pending ATNs (1484 nos.) between the pendency position reported by Monitoring Cell and Audit in respect of C&AG reports from 1997-98 to 2007-08. As per Monitoring Cell, total 4934 paras were reported as pending as on 15th March, 2010 as against audit figures of 3450 as on February, 2010. Comparative statement indicating variation in pendency position as on September, 10 (Ministry-wise) reported by Monitoring Cell and Audit is attached. It may be noted

that there have been considerable reduction in the variation of pending ATNs between Monitoring Cell and Audit. In compliance of the recommendation of the Committee, Monitoring Cell of the Department of the Expenditure have been coordinating with the concerned Ministries on regular basis, requesting for reconciliation of difference in the pendency position reported by Monitoring Cell and audit and for submission of reconciled pending status after consultation with the Office of C&AG on priority basis. Audit have also been separately requested to get the discrepancies in the figures of pending ATNs reconciled in consultation with concerned Ministries and to provide the reconciled status to the Department of Expenditure *vide* DO letters dated 4.11.2010 and 22.11.2010 (copy enclosed). Further, with the commencement of the e-monitoring of submission of ATNs on Audit Paras at various stages, the possibility of discrepancy in the pendency position will be minimized substantially. In their vetting remarks, Audit have observed that a mechanism needs to be put in place to ensure that finalized ATNs are submitted by the Ministries to the PAC/Monitoring Cell/Audit. It is stated that with the commencement of computerized monitoring of Audit paras, all the stakeholders/C&AG Office/PAC Branch will be able to view the status of pending ATNs/submitted ATNs/settled ATNs. Further, Audit have viewed that presence of both the Audit and Ministry's representatives are necessary during the reconciliation process. In this regard a copy of Jt. CGA's DO letter dated 16.12.2010 to Audit H.Q (with the request to hold a meeting with all concerned Audit Offices and Departments for reconciliation of the discrepancies in the figures of pending ATNs) is attached. Reconciled pending status of Audit paras will be apprised to PAC and Audit later on".

10. The Committee deplore that despite lapse of more than ten months from the date of presentation of their 11th Report (15 Lok Sabha), the Ministry of Finance (Department of Expenditure) is yet to ascertain the exact number of pending Action Taken Notes lying with various Ministries/Departments. The Committee recommend that the Ministry of Finance (Department of Expenditure—Monitoring Cell) in cooperation with the Audit make concerted efforts so that the figures relating to pending paras are reconciled within a definite time period. The Committee would like to be apprised of the progress made in this regard within three months from the date of presentation of this Report. The Committee expect the Ministry of Finance (Department of Expenditure) to expedite the setting up of e-monitoring system in consultation with Audit for closer and effective monitoring of such pendencies and removal of statistical discrepancies.

C. Poor progress made in setting up/and conducting the meetings of Standing Audit Committees (SACs) and organizing of ATN Adalats/Workshops by various Ministries/Departments

(Recommendation Para No. 10)

11. In their Eleventh Report, the Committee had observed that in deference to their recommendation, the Department of Expenditure — Monitoring Cell had stated that they had advised the Secretaries of Ministries/Departments to establish Action

Taken Notes Workshops for enabling the finalization of Action Taken Notes. Welcoming this step, the Committee had desired to be apprised of the progress made by the Department of Expenditure — Monitoring Cell in this regard.

12. The Ministry of Finance, Department of Expenditure in their Action Taken Note has stated as under:—

"In response to the instructions issued by the Department of Expenditure, as on September, 2010, 48 Departments have set up Standing Audit Committee (SAC) as nodal agency to monitor and review the progress of submission of pending Action Taken Notes. However, 28 Departments could hold the meeting of SAC and remaining Ministries have been reminded to constitute SAC/hold meetings of SAC. As on September, 2010, 14 Ministries have also conducted Action Taken Note Adalat/Workshop. Further progress in setting of SAC and holding of ATN Adalat/Workshop by Ministries/Departments will be intimated to Public Accounts Committee/Audit in due course of time. It is submitted that monitoring mechanism at all levels (Ministry and Department of Expenditure) has been adequately streamlined with the setting up of institutional mechanism by way of constitution of SAC and Action Taken Note Adalat, review of progress in resolution of pending paras by holding COS meeting on quarterly basis, operationalisation of centralized computerized monitoring system for time/expeditious submission of Action Taken Notes on Audit paras at the level of Monitoring Cell, user Ministries, Audit and Public Accounts Committee Branch as envisaged. It is expected that Ministries/Departments will be able to show considerable improvement in the matter of reduction of the pending Audit paras. Further progress in this regard will be apprised to Public Accounts Committee and Audit later on."

13. The Committee express their displeasure over poor progress made in setting up/and conducting the meetings of Standing Audit Committees (SACs) and also organizing of the necessary workshops for disposal of pending Action Taken Notes by the various Ministries/Departments. The Committee are perturbed to note that out of 48 Ministries/Departments that have constituted SACs, only 28 Ministries/Departments could hold the meetings of SACs and the remaining Ministries/Departments are yet to constitute and hold the meetings of SACs. As regards ATN Workshops, the position is even worse, as only 14 Ministries/Departments have conducted the same. The Committee urge upon the Ministry of Finance (Department of Expenditure) to closely monitor the setting up/and conducting of meetings/workshops by the defaulting Ministries/Departments at periodical intervals so that the pending Action Taken Notes are cleared/settled expeditiously. They would also like to be apprised of the impact made by the SACs in timely submission of corrective Action Taken notes and reducing the pendency thereof.

CHAPTER II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Observation/Recommendation No. 1

The Reports of the Comptroller and Auditor General of India after being laid in Parliament in terms of Article 151 of Constitution of India, stand referred to the Public Accounts Committee for their scrutiny. These Audit Reports contain several paragraphs. Since it is not possible for the Committee to go through every issue dealt with in the various Audit Reports, it is necessary for the Committee to be selective in its approach. Thus, at the beginning of the term every year, the Public Accounts Committee generally selects for in-depth examination only a few relatively more important paragraph from the various Reports of Comptroller and Auditor General of India. As regards a large number of audit paragraphs which are not formally selected and taken up for detailed examination by the Committee are dealt with by means of a procedure whereby the Ministries/Departments are required to furnish to the Committee remedial/corrective Action Taken Notes on all the audit paragraphs.

[Sl. No. 1, Part-II, Para-1 of the 11th Report of the Public Accounts
Committee (15th Lok Sabha)]

Action Taken by the Government

Contents of this Para relates to observations of the Public Accounts Committee regarding the procedure being followed by them for dealing with/examination of C&AG audit paras and no specific action is required on the part of Monitoring Cell of the Department of Expenditure.

This Action Taken Note has been vetted by Office of the C&AG of India *vide* their U.O. No. 806/152/Rep.C/2010, dated 16.12.2010.

Observation/Recommendation No. 2

Taking cognizance of the inordinate delays and persisting failures on the part of a large number of Ministries in reporting to the Committees the corrective action taken on audit paragraphs, the Committee in their 105th Report (10th Lok Sabha — 1995-96) recommended that the Action Taken Notes on all the paragraphs of the Reports of C&AG of India should be furnished to the Committee through the Ministry of Finance, Department of Expenditure (Monitoring Cell) within a period of 4 months from the date of laying of Audit Reports on the Table of the House starting from 31st March, 1996 onwards. Since excessive delays were noticed in the receipt of Action Taken Notes from the various Ministries/Departments over the years, which had become a chronic feature, the PAC (2008-09) took stock of the situation and asked the Ministry of Finance (Department of Expenditure — Monitoring Cell), to

look into the matter and expedite submission of the Action Taken Notes. As per the information furnished by the Monitoring Cell, Department of Expenditure, Remedial/Corrective Action Taken Notes in respect of about 2500 paras were pending with the various Ministries/Departments as on 1st September, 2008. Taking a serious view of the inordinate delays in submission of Remedial/Corrective Action Taken Notes by various Ministries/Departments the Public Accounts Committee (2008-09) summoned the Secretary, Ministry of Finance (Department of Expenditure) for a briefing on the matter on 15th September, 2008 wherein the Secretary (Expenditure) was directed to take necessary action for furnishing all the pending Remedial/Corrective Action Taken Notes to the Public Accounts Committee within a period of three months *i.e.* by 14th December, 2008. Subsequently, the then Chairman, PAC (2008-09) also wrote a letter to the Hon'ble Prime Minister seeking his kind intervention in the matter so that the Remedial/Corrective Action Taken Notes were furnished expeditiously by all the Ministries/Departments concerned to the Public Accounts Committee, within the stipulated time period. The Public Accounts Committee (2008-09) review of the position with regard to submission of pending Action Taken Notes by various Ministries/Departments at their sitting held on 19th January, 2009 had revealed that there was no perceptible improvement in the furnishing of Action Taken Notes by the defaulting Ministries/Departments. At the first sitting of the Public Accounts Committee (2009-10) held on 7th September, 2009 the matter regarding large pendency of Action Taken Notes in various Ministries/Departments was again brought to the notice of the Committee by the Comptroller and Auditor General of India. Thereupon, the Committee considering the gravity of the problem decided to select the subject for detailed examination.

[Sl. No. 2, Part-II, Para-2 of the 11th Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by the Government

Considered views/observations of the Committee for selection of the subject matter of the PAC report regarding non — compliance by Ministries/Departments in timely submission of Action Taken Notes on non — selected Audit Paras for detailed examination, have been noted. No specific action is called for in the matter.

This Action Taken Note has been vetted by Office of the C&AG of India *vide* their U.O. No. 806/152/Rep. C/2010, dated 16.12.2010.

Observation/Recommendation No. 4

According to the Monitoring Cell, Department of Expenditure the responsibility to furnish Action Taken Notes is primarily that of respective Ministries/Departments. One of the reasons attributed by the concerned Ministries/Departments for the delays in submission of Action Taken Notes is excessive time taken in data collection by the field offices. It is to be noted that the Committee find that the same reason was adduced by the Ministry as far back as 1995 at the time of the deliberation by the Committee on the subject. Obviously, the administrative Ministries/Departments concerned have not taken any concrete measures since then to

streamline their procedures so as to ensure that field offices furnish data to them in a fixed time frame in order to facilitate timely submission of Action Taken Notes to the Public Accounts Committee, which is anything but regrettable. Another reason cited by the Ministries/Departments for the delay is longer time taken by the Audit in clearing/vetting the Action Taken Notes. Though in certain cases there may be some delay on the part of the Audit, it may not be correct to transfer responsibility on the Audit for delays which are primarily on account of the indifference of the line Ministries/Departments. Audit has also brought to the notice of the Committee on several occasions the delays on the part of large number of Ministries/Departments in submission of Action Taken Notes. To obviate such delays which are avoidable, the Committee desire that the Ministry of Finance (Department of Expenditure — Monitoring Cell), in coordination with Audit and the concerned Ministries/Departments should find a workable solution for expeditious submission of Action Taken Notes to the Committee. The Committee be kept informed of the initiatives taken in this regard.

[Sl. No. 4, Part-II, Para-4 of the 11th Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by the Government

It is admitted that delays take place on the part of the Ministries/Departments in submission of finalised ATNs to PAC through Monitoring Cell on account of the following main reasons:

- (i) Contents of some of the audit observations relate to various autonomous bodies and attached offices under Ministries/Departments as well as various centrally sponsored schemes and programmes which are implemented by State Governments/UTs through grants-in-aid. It takes considerably long time to collect data/requisite information from the field formations spread across the country and also from State Governments/UTs to facilitate preparation of Action Taken Note on audit paras.
- (ii) Non-availability of timely information/clarifications from some other Ministries/Departments in respect of audit observations which relate to more than one Ministry/Department and involve inter-ministerial consultations.
- (iii) Some Ministries/Departments have been facing difficulties in getting the Hindi Translation of the vetted ATNs on audit paras causing delay in submission of copies of finalised ATNs to PAC.
- (iv) Delays in finalization/vetting of draft action taken notes by audit authorities in some cases.

However, in pursuance of the recommendations of the Committee, all the Ministries/Departments are being requested by the Department of Expenditure on regular basis to take concerted efforts to liquidate pending Audit Paras. Progress of settlement of pending Audit paras have also been reviewed in the meeting taken by Secretary (Exp.) and Finance Minister with Financial Advisors of the Ministries/Departments held on 22nd September, 2010 and 29th October, 2010 respectively.

In Secretary (Exp.) review meeting, Financial Advisors were requested to play a proactive role to ensure that Department with large outstanding paras should make special efforts to reduce the pendency.

In their vetting remarks, Audit have desired to know whether various measures taken by Department of Expenditure would result in better compliance to CAG's Audit Reports. Since as a result of various steps initiated by the Department of Expenditure, the pendency position of audit paras in many Ministries/Department has come down, it is expected that in future these measures will ensure effective monitoring of pending audit paras leading to expeditious settlement of audit paras by Ministries/ Departments.

This Action Taken Note has been vetted by Office of the C&AG of India *vide* their U.O. No. 806/152/Rep. C/2010 dated 16.12.2010.

Observation/Recommendation No. 5

The Committee have been informed by the Ministry of Finance (Department of Expenditure—Monitoring Cell) that several measures have been taken by them during the last one and half years to expedite submission of Action Taken Notes pending with the various Ministries/Departments. These include issue of reminders to various Ministries/Departments at the level of Secretary Expenditure/CGA/Additional CGA, one to one meeting taken by the Secretary (Expenditure) with the Financial Advisors of the major defaulting Ministries/Departments; conducting of one day workshop in Vigyan Bhavan on 27th Novemeber, 2008 to interact with representatives of all the Ministries/Departments and Audit to facilitate interaction and reduce the time in finalization of Action Taken Notes. It was also stated that Hon'ble Finance Minister took a meeting on October 29, 2009, with Financial Advisors of various Ministries/ Departments emphasizing expeditious submission of Action Taken Notes to the Committee. The Committee note that despite these measures taken by the Monitoring Cell, no perceptible change has taken place in the settlement of pending Action Taken Report. This is illustrated by the fact that in respect of 1891 Audit paras, Action Taken Notes were not furnished to the Audit by the concerned Ministries/ Departments even for the first time. Obviously, the Ministry of Finance (Department of Expenditure—Monitoring Cell) have not taken any concrete steps or set up any mechanism to ensure that the Action Taken Notes are furnished to the Committee within the stipulated time. What is perturbing is the fact that delays in certain cases ranged from 4 to 10 years. The Committee regret to note that this state of affairs have not improved even after the presentation of the 9th Report of PAC (11th Lok Sabha) on the same subject way back in 1997 and problem persists to date. The Committee express the hope that the Department of Expenditure would realise the seriousness of the problem and take all possible steps to clear the pendency of Action Taken Notes within the stipulated time frame. The Committee are informed that a computerised monitoring system to monitor processing of Action Taken Notes on Audit Paras is being developed by the Department of Expenditure (Monitoring Cell). The Committee expect that computerised monitoring system will assist in keeping track of the pendency of Action Taken Notes at various stages and help in speeding up the submission of Action Taken Notes and also minimise/eliminate

discrepancies in the figures being maintained by Monitoring Cell and C&AG's Office. The Committee would like to be apprised about the progress made in this regard as also its efficacy within three months of the presentation of the Report to Parliament.

[Sl. No. 5, Part-II, Para-5 of the 11th Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by the Government

Present status of development of the centralized e-monitoring system for audit paras is as under:—

In compliance of the directions given by the PAC in its 11th report (15th Lok Sabha) a computerised web based monitoring system known as Audit Para Monitoring System (APMS) has been developed in the office of CGA in consultation with National Informatics Center (NIC). The software for this has been developed by September, 2010 and is presently being tested prior to installation at the regular Serverat NIC data center at Hyderabad. Few Ministries have been called for 'hands on' demonstration. All Ministries will be given hands on training batch-wise, when a regular server gets installed. The developer will continue to maintain, support and work on some more features which will be an 'enhancement' to make this software more user friendly. Monitoring Cell has uploaded audit paras in the local server, which will be transferred to the regular server. The following are the features of this software:

- (a) The stakeholders are (i) Office of CGA (Monitor/Admn); (ii) Mins/Depts; (iii) Audit/C&AG; (iv) Lok Sabha Sectt. (PAC Branch). Each Min/Depts will be given their login id/password by the administrator/Office of CGA.
- (b) All reports of C&AG will be uploaded by the Monitor/Office of CGA along with details (year-wise, Para-wise, report-wise & subject) in pdf format.
- (c) Mins/Depts users will upload Draft/Final ATNs. The final ATNs will be submitted to Lok Sabha Sectt. through Monitor/Office of CGA. The detailed ATNs will be available in attached files for ready reference. The various stages of submission of ATNs can be viewed on the portal.
- (d) Alerts/Reminders/Standing orders/circulars for submission of draft/final ATNs as per the due dates will be displayed in various colours on the dashboard.
- (e) All iteration/stages of Audit paras will be captured in the Report portal with details such as (i) date of submission of draft ATN by the Min/Depts to Audit, (ii) date of draft vetting of ATN by the Audit, (iii) date of resubmission of revised ATN by the Min/Dept to Audit, (iv) date of final vetting by Audit, (v) date of submission of the final ATN by Min/Depts (in bilingual) to Monitoring Cell (MC), (vi) date of submission of the vetted ATN by MC to Lok Sabha Sectt. (PAC).
- (f) In the 'Report' portal, all stakeholders will be able to view their total pending ATNs, status of submitted ATNs, and cleared ATNs, thereby facilitating them to monitor their concern at all stages.

With this development, the portal will be made available to the Ministries/C&AG office/PAC branch and other stakeholders for facilitation of speedy liquidation of pending audit paras as well as for reconciliation of discrepancies in the figures of pending ATNs.

In their vetting remarks, Audit have desired to know whether the new monitoring system has the provision to track and update the pendency status as soon as ATNs on current audit paras become due for submission to PAC and whether the system has played a role in better tracking of individual ATNs. It is clarified that the computerised audit para monitoring system (APMS) will become operational after installation of the regular Server at NIC data center at Hyderabad. The APMS has all necessary provisions for better tracking/monitoring of all stages of submission of ATNs on pending audit paras as well as status of settled ATNs. It is expected that monitoring mechanism will be more effective after operationalisation of APMS. Further progress in this regard will be apprised to PAC and audit later on.

This Action Taken Note has been vetted by Office of the C&AG of India *vide* their U.O. No. 806/152/Rep. C/2010 dated 16.12.2010.

Observation/Recommendation No. 7

In a communication forwarded to the PAC Secretariat the Ministry of Finance (Department of Expenditure — Monitoring Cell) have brought to the notice of the Committee that CBDT and Office of C&AG at the meeting held on 31.03.2009 and 07.09.2009 have mutually agreed not to further pursue Action Taken Notes in respect of 1092 Paras in view of acceptance of the Audit observations by the Department of Revenue and remedial action taken/initiated. These Action Taken Notes relate to 399 Paras contained in the C&AG Report for the year 2007-08 and 693 Action Taken Notes relating to various Paras contained in the C & AG Reports from 1999-2000 to 2006-07. Consequently, the Department of Expenditure (Monitoring Cell) has sought the approval of the Public Accounts Committee for striking off these paras from the consolidated list of pending Audit paras. The Committee concur with the decision taken by the CBDT and the Audit in the matter and gave their approval for striking off the aforesaid Paras from the list of outstanding Audit paras.

[Sl. No. 7, Part-II, Para-7 of the 11th Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by the Government

In consonance of the concurrence accorded by the PAC in para 7 under reference, CBDT was asked by the Department of Expenditure to delete total 1092 paras in respect of the C&AG report from 1999-2000 to 2007-08 from their pending list in view of acceptance of audit observations/remedial action taken by them. CBDT have confirmed that they have deleted these paras from their pending list.

This Action Taken Note has been vetted by Office of the C&AG of India *vide* their U.O. No. 806/152/Rep. C/2010 dated 16.12.2010.

Observation/Recommendation No. 8

The Committee regret to note the assurance given by the Ministry of Finance (Department of Expenditure) in the 105th Report of PAC (10th Lok Sabha) that the matter regarding delays in submission of Action Taken Notes by various Ministries/Departments would be placed before the Committee of Secretaries, had not been complied with by the Department of Expenditure—Monitoring Cell even after a lapse of 13 years since the presentation of the Report. During the evidence taken on 5th March, 2010, the Secretary (Expenditure) expressed ignorance on this crucial matter. Subsequently, the Ministry, in their post evidence reply informed the Committee that the matter has now been brought to the notice of the Cabinet Secretary requesting that a meeting of the Committee of Secretaries may be held in April 2010. The Committee desire that henceforth, the matter relating to delays in submission of Action Taken Notes should be brought before the Committee of Secretaries periodically, preferably at quarterly intervals so as to expedite the submission of Action Taken Notes by all the defaulting Ministries/Departments.

[Sl. No. 8, Part-II, Para-8 of the 11th Report of the Public Accounts
Committee (15th Lok Sabha)]

Action Taken by the Government

In compliance of the recommendations of the Committee, progress of resolution of outstanding audit paras by Ministries/Departments is being reviewed by the Committee of Secretaries chaired by Cabinet Secretary on quarterly basis. Already, two meetings of the Committee of Secretaries (COS) chaired by Cabinet Secretary with the Secretaries/Chairmen of the major defaulting Ministries/Departments such as Defence, Railways, Health and Family Welfare, Telecommunications, Revenue, CBDT and CBEC have been held on 17th June and 2nd November 2010 to review the progress of settlement of pending audit/PAC paras. Secretary (Exp) CGA and Dy. C&AG also participated in the COS meetings. Following are the important decisions taken in the COS meetings:

Decisions taken in COS meeting held on 17th June 2010

- (i) Secretaries of Ministries/Departments as Chief Accounting Authorities will be personally responsible for ensuring that ATNs/ATRs on Audit Paras/PAC Reports are finalised within the prescribed time frame.
- (ii) Standing Audit Committee to be constituted in each Ministry/Department as the nodal agency to monitor and review the submission of ATNs on Audit Paras and to take appropriate remedial measures.
- (iii) Timely submission of ATNs/ATRs may be included as one of the targets in the Results Framework Document (RFD) of the each Ministry/Department as the responsibility of the Chief Accounting Authority and assigned a weightage of two points.

- (iv) During the next three months, all Ministries/Departments will ensure that pendency of ATNs/ATRs is brought down by at least 50% of the present pendency.

Secretaries/Financial Advisors of all the Ministries/Departments were advised by Secretary (Exp.) to implement the above decisions taken in the COS meetings.

Decisions taken in COS meeting held on 2nd November, 2010

- (i) All Ministries/Departments will ensure that the current pendency of audit paras is further reduced by 50% by end March 2011.
- (ii) The concerned Ministries/Departments will also ensure that first response in all cases is sent to Audit latest by end December 2010.
- (iii) The concerned Ministries/Departments will also ensure that all remaining SACs are set up and at least one ATN Adalat/Workshop is held, by end December 2010.
- (iv) The next meeting of the COS will be held in January, 2011 to review the progress on settlement of audit paras/PAC recommendations, submission of first responses, setting up of SACs and holding ATN Adalats/Workshops.

Cabinet Secretary reviewed the progress made by various Ministries/Departments in liquidation of pending Paras and observed that in terms of earlier COS decisions, out of 4216 pending audit paras outstanding as in June 2010, 1932 Paras (representing approx 50% of the pending paras) have been settled and 17 Ministries have achieved 50% reduction while another 5 Ministries have achieved reduction upto 49%. Secretary (Exp.) has also communicated the above decisions taken in the COS meeting to all Secretaries as Chief Accounting Authorities for implementation *vide* O.M. dated 29th November 2010 (copy enclosed).

In their vetting remarks, Audit while appreciating the above steps initiated by the Department of Expenditure for timely submission of ATNs by Ministries/Departments, have observed that quality of the ATNs furnished by the Ministries should be maintained by taking corrective actions as actually required/pointed out in the audit paras and uniformity of prescribed format for submitting ATNs should be strictly adhered to by the Ministries. In this context, a copy of the Department of Expenditure's O.M. dated 10.06.2004 issued to all the Ministries advising to ensure submission of ATNs in proper format is enclosed. Progress made in this regard will be intimated to PAC/Audit later on.

This Action Taken Note has been vetted by Office of the C&AG of India *vide* their U.O.No. 806/152/Rep. C/2010 dated 16.12.2010.

US (MC) No. 12(2)E-Coord. 2010)
Government of India
Ministry of Finance
Department of Expenditure
(E-Coord. Branch)

New Delhi, the 29th November, 2010

OFFICE MEMORANDUM

Subject: Non-submission/delay in submission of Action Taken Notes/Action Taken Report—follow up to COS Meeting on November 2, 2010 regarding.

In a recent COS meeting chaired by the Cabinet Secretary on November 2, 2010, while it was noted that considerable progress had been made to clear the pending ATNs/ATRs on CAG Audit Paras and PAC recommendations, it was decided that the following action may be taken:

- (i) All Ministries/Departments may ensure that the current pendency of audit paras is further reduced by 50% by end March, 2011.
- (ii) Ministries/Departments may ensure that first response on Audit Paras in all cases is sent latest by end December, 2010.
- (iii) Ministries/Department which have not yet set up SACs or have not held any workshop/Adalat will also ensure that all remaining SACs are set up and at least one Adalat/Workshop is held by end December, 2010.
- (iv) Except for D/o Revenue, D/o Telecom, M/o Railways and M/o Defence, other Departments/Ministries are not to include a C&AG representative on their Standing Audit Committee (SAC) and if done so already to issue revised composition of SACs. Department of Expenditure had on November 4, 2010 written to all the Departments/Ministries in this context.

2. The next meeting of the COS will be held in January, 2011 to review the progress on settlement of audit paras/PAC recommendations, submission of first responses, settling up SACs and holding Adalats/Workshops.

3. All Secretaries as Chief Accounting Authorities may note the above for implementation.

Sd/-
(Sushama Nath)
Secretary (Expenditure)

1. All Secretaries to Government of India.
2. All FAs.
3. CGA.

IMMEDIATE

F.No. 5/1/2004-MC
Government of India
Ministry of Finance
Department of Expenditure
(Monitoring Cell)

Room No. 29, Second Floor, B-Wing,
Loknayak Bhawan, Khan Market,
New Delhi-110 003, the 10th June, 2004.

OFFICE MEMORANDUM

Subject: Remedial/Corrective action taken notes on Paragraphs of the reports of C&AG of India.

The undersigned is directed to say that, while expressing serious concern over inordinate delays in submission of ATNs on Audit Paras figuring in C&AG's Reports, the Lok Sabha Secretariat in their O.M. No 4/5/2003-PAC dated 3.6.2004, have also pointed to some procedural inadequacies in the submission of ATNs, such as, Action Taken Notes not being furnished in a proper format particularly the ATNs on Paragraphs contained in Audit Reports relating to Direct Taxes and Indirect Taxes; non-furnishing of one advance copy of the ATNs to the Lok Sabha Secretariat while sending vetted ATNs to the Monitoring Cell; English and Hindi Versions of the ATNs not being furnished simultaneously etc.

2. Based on the observations of the Lok Sabha Secretariat in the aforesaid O.M. as well as instructions being reiterated in various communications, Ministries/ Departments are requested to ensure the following while submitting the ATNs to the Monitoring Cell for onward transmission to the Lok Sabha Secretariat:—

- (i) Remedial/Corrective action taken notes on all paras of the C&AG's Reports be submitted to the Lok Sabha Secretariat through Monitoring Cell within stipulated period of four months from the date of laying of Audit Reports on the Table of the House, as otherwise the very purpose of seeking Remedial/Corrective ATNs would get defeated if the submission of Action Taken Notes is delayed inordinately.
- (ii) ATNs on audit paragraphs be furnished in proper format (Copy annexed) in a separate page alongwith its Hindi version simultaneously. Paragraph No., Audit Report No. and year, specific subject of the paragraph, Name of Ministry/Department etc. should be clearly indicated in each ATN. Action taken Notes not furnished in proper format and also not accompanied with Hindi version will not be accepted.
- (iii) One advance copy of each ATN both in English and Hindi versions should simultaneously be supplied to Lok Sabha Secretariat while sending the ATNs to Monitoring Cell.

- (iv) In the letter forwarding ATNs to Monitoring Cell and in all other communications to be sent to Lok Sabha Secretariat contact numbers/ Fax numbers should be variably indicated.

Sd/-

(T.S. Negi)

Under Secretary of the Government of India

Tele. No. 24626829

1. Financial Advisors/Joint Secretaries (Finance) of all the Ministries/Departments of the Government of India.
2. Copy forwarded for information and necessary action to all Ministries/ Departments of the Government of India.
3. Financial Commissioner, Ministry of Railways (Railway Board) New Delhi.
4. Chairman (CBEC and CBDT), Department of Revenue, North Block, New Delhi.
5. Member (Finance), Deptt. of Telecom/Posts, Sanchar/Dak Bhavan, New Delhi.
6. CCA, Department of Atomic Energy, Bombay.
7. CCA, Department of Space, Bangalore.

Copy forwarded for information to Smt. Anita B. Panda, Under Secretary, Lok Sabha Secretariat, Parliament House Annexe, New Delhi *w.r.t.* O.M. No. 4/5/2003/PAC dated

3.6.2004.

FORMAT OF ATN FOR THE USE OF CONCERNED MINISTRIES/DEPTTS.

APPENDIX III

(Vide para 53)

Format of Action Taken Note (on Paragraphs of C&AG Reports)

- I. (a) Ministry/Department.
(b) Subject/title of the Review/Paragraph.
(c) Paragraph No.
(d) Report No. and year.
- II. (a) Date of receipt of the Draft.
Paragraph/Review in the Ministry.
(b) Date of Ministry's reply.
- III. Gist of Paragraph/Review.
- IV. (a) Do the Ministry agree with the facts and figures included in the Paragraph?
(b) If not, please indicate the areas of disagreement and also attach documents in support.
- V. (a) Main Audit conclusions:
 1. Deficiency in the existing system including system of internal control.
 2. Failure to follow the systems and procedure.
 3. Failure of individuals.
 4. Amount of loss/short assessment/short levy.
(b) Do the Ministry agree with the Audit conclusions? If not, please indicate specific areas of disagreement, reasons for disagreement and also attach copies of relevant documents, where necessary.
- VI. Remedial actions taken:
 - (i) Improvement in system and procedures including internal controls.
 - (ii) Recovery of overpayment pointed out

by Audit.

- (iii) Recovery of under assessment, short levy or other dues;
- (iv) Write off of amount of losses/waste expenditure/irrecoverable amount;
- (v) Modification in the scheme; and including financing pattern
- (vi) Review of similar cases/complete scheme/project in the light of findings of sample check by Audit.

Observation/Recommendation No. 9

The Committee note that there is variation in the figures furnished by the Monitoring Cell, Department of Expenditure and the Office of C&AG relating to pending Action Taken Notes in various Ministries/Departments. According to the latest information furnished by the Monitoring Cell of the Department of Expenditure, Ministry of Finance as on 15th March, 2010, Action Taken Notes in respect of 4934 paras, contained in the Audit Reports from 1997-98 to 2007-08 are pending in various Ministries/Departments. However, this figure is at variance with that furnished by Audit. According to the information furnished by the Audit, Action Taken Notes in respect of 3450 Audit Paras are pending from different Ministries/Departments as on February, 2010. The Ministry have informed the Committee that the conciliation is an on-going process between Ministries/Departments and Audit and the problem is more acute in the Department of Revenue *viz.* CBDT and CBEC. Further the reconciliation also needs to be done in respect of Scientific Ministries where Audit has shown large number of old paras outstanding, while the Ministries are showing them as cleared. The Committee trust that the Ministry of Finance (Department of Expenditure) will coordinate with the various Ministries/Departments and the Audit so that the figures relating to pending Action Taken Notes are reconciled and a precise figure is arrived at. The Committee would like to be apprised of the progress made in this regard within three months from the date of presentation of this Report.

[Sl. No. 9, Part-II, Para-9 of the 11th Report of the Public Accounts
Committee (15th Lok Sabha)]

Action Taken by the Government

The Committee pointed out variation in the figures of pending ATNs (1484 nos.) between the pendency position reported by Monitoring Cell and Audit in respect of C&AG reports from 1997-98 to 2007-08. As per Monitoring Cell, total 4934 paras were reported as pending as on 15th March, 2010 as against audit figures of 3450 as on February, 2010. Comparative statement indicating variation in pendency position as on September, 2010 (Ministry-wise) reported by Monitoring Cell and Audit is attached. It may be noted that there have been considerable reduction in the

variation of pending ATNs between Monitoring Cell and Audit. In compliance of the recommendation of the Committee, Monitoring Cell of Department of Expenditure have been coordinating with the concerned Ministries on regular basis, requesting for reconciliation of difference in the pendency position reported by Monitoring Cell and Audit and for submission of reconciled pending status after consultation with the office of C&AG on priority basis. Audit have also been separately requested to get the discrepancies in the figures of pending ATNs reconciled in consultation with concerned Ministries and to provide the reconciled status to the Department of Expenditure *vide* D.O. letters dated 4.11.2010 and 22.11.2010 (copy enclosed). Further, with the commencement of the e-monitoring of submission of ATNs on audit paras at various stages, the possibility of discrepancy in the pendency position will be minimized substantially.

In their vetting remarks, Audit have observed that a mechanism needs to be put in place to ensure that finalised ATNs are submitted by the Ministries to the PAC/Monitoring Cell/Audit. It is stated that with the commencement of computerized monitoring of audit paras, all the stakeholders/C&AG office/PAC branch will be able to view the status of pending ATNs/Submitted ATNs/settled ATNs. Further, audit have viewed that presence of both the Audit and Ministry's representatives are necessary during the reconciliation process. In this regard a copy of Jt. CGA's D.O. letter dated 16.12.2010 to Audit H.Q. (with the request to hold a meeting with all concerned audit offices and departments for reconciliation of the discrepancies in the figures of pending ATNs) is attached. Reconciled pending status of audit paras will be apprised to PAC and Audit later on.

This Action Taken Note has been vetted by Office of the C&AG of India *vide* their U.O. No. 806/152/Rep. C/2010 dated 16.12.2010.

Comments of the Committee

Please *see* Paragraph No. 10 of Chapter-I.



ARCHANA NIGAM
ADDL. CONTROLLER GENERAL
OF ACCOUNTS

भारत सरकार
महालेखा नियंत्रक कार्यालय
वित्त मंत्रालय
व्यय विभाग
सातवीं मंजिल, 'सी' विंग
लोक नायक भवन, नई दिल्ली-110 003
Government of India
Office of Controller General of Accounts
Ministry of Finance
Department of Expenditure
7th Floor, 'C' Wing,
Lok Nayak Bhawan, New Delhi-110 003
Tel: 24690500 Fax: 24651591

D.O. Letter No. 1/11/2010-MC

Date: 4th November, 2010

Dear,

Please refer to Ms. Rekha Gupta, Dy. C&AG's D.O. letter, No. 138/110/Rep. (Central), 2010 dated 28.10.2010 to Secy. (Exp.) regarding the meeting of COS wherein it was *inter-alia* intimated that total 2811 ATNs on CAG Paras are pending as on 20.09.2010, as per record of Audit. In this connection, I would like to mention that as per information available with Monitoring Cell, total 2284 ATNs in respect of Audit reports upto 2009 are pending against various Ministries as on 30.09.2010. Comparative statement indicating difference in pendency position has been attached. Further, in pursuance of recommendations of PAC in its 11th report of 15th Lok Sabha, Financial Advisers of all Ministries/Departments were requested in August and October, 2010 to take expeditious action to reconcile the discrepancies in the figures of pending ATNs in consultation with the office of C&AG and furnish updated reconciled pending position. Copies of Department's O.M. dated 11.08.2010 and 01.10.2010 are enclosed. This Department's O.M. of even No. dated 11.08.2010 and 01.10.2010 to you also refer.

I shall be grateful, if you could kindly look into the matter personally and arrange to get the discrepancies in the figures of pending ATNs reconciled in consultation with the concerned Ministries on priority basis and make available to us, the reconciled pending status of ATNs, Ministry-wise latest by 18.11.2010, to enable us to prepare Action Taken Report on the PAC recommendations contained in the 11th Report of PAC (of 15th Lok Sabha).

Regards

Yours Sincerely,

Sd/-
(Archana Nigam)

Smt. Subha Kumar,
Principal Director (Report Central),
O/o the C&AG of India,
9, Deen Dayal Upadhyay Marg,

New Delhi-110 024

List of 14 Ministries/Departments

FA, M/o Commerce and Industry
FA, M/o Urban Development
Secy. (Defence Fin.), M/o Defence
Financial Commissioner, M/o Railways
Member (Finance), M/O Telecom
CCA, M/o Atomic Energy
FA, M/o Information Technology
FA, M/o Science and Technology
FA, M/o Scientific and Industrial Research
Addl. Secy. M/o Space
FA, M/o ICAR
Director, CBDT
Commissioner (PAC), Excise
Director, Customs

Status of Pending ATNs on CAG Paras as on 30th September, 2010

S. No.	Ministry/Department	No. of Paras (in respect of CAG reports upto 2009) pending as on 30th September, 2010 as per information available with Monitoring Cell	Total No. of Paras (in respect of CAG reports upto 2010) pending as on 20th Sept., 2010 as reported by Audit	Variation in the figures of pending ATNs (excluding new paras) as on September, 2010 in respect of CAG Reports upto the year 2009.
1	2	3	4	5
1.	Finance (Exp/Eco. Affairs/ Financial Services/Admn./ Deptt. of Revenue)	19	17	2
2.	Information & Broadcasting	5	8	3
3.	Health & F.W. (Including ICMR)	43	39	4
4.	Culture	13	13	0
5.	Tribal Affairs	4	4	0
6.	Human Resource Development (Hr. Education & School Edu.)	29	41 (28+13 New paras)	1
7.	External Affairs	22	25	3
8.	Social Justice & Empowerment	4	3	1
9.	Law & Justice	1	1	0
10.	Home	7	7	0
11.	Labour	3	3	0
12.	Women & C.D.	2	3	1
13.	Overseas Affairs	1	1	0
14.	Textiles	5	5	0
15.	Tourism	4	5	1
16.	Water Resources	0	1	1
17.	Commerce & Industries	8	3	5
18.	Rural Development	3	3	0
19.	Urban Development	24	81 (78+3 New paras)	54
20.	Road & Transport	0	1	1
21.	Statistics & Planning	1	1	0
22.	Personnel and P&G	1	1	0
23.	Youth Affairs	3	3	0

1	2	3	4	5
24.	Consumer Affairs	1	1	0
25.	Shipping	12	25 (14+11 New paras)	2
26.	Agriculture	2	2	0
27.	Small Scale & Medium Enterprises	0	2 (2 New paras)	0
28.	Defence	120	155	35
29.	Revenue (Direct Taxes)	1079	1247	168
30.	Revenue (Indirect Taxes)	178	239	61
31.	Revenue (Customs)	202	224	22
32.	Railways	372	477 (373 + 104 New paras)	1
33.	Telecommunication & Posts	61 (Telecom 43 + Post 16)	29 (Telecom 12 + Post 17)	32
34.	Ayush	0	0	0
35.	Coal	0	0	0
36.	Civil Aviation	0	0	0
37.	Power	0	0	0
38.	Housing & U.P.A.	0	0	0
39.	Food Processing Industries	0	0	0
40.	Bio-Technology	0	0	0
41.	Chemical & Petro Chemical	0	0	0
42.	Land Resources	0	0	0
43.	Panchayati Raj	0	0	0
44.	Fertilizer	0	0	0
45.	Corporate Affairs	0	0	0
46.	Petroleum & N.G.			
47.	Steel	0	0	0
48.	Pharmaceuticals	0	0	0
49.	Disinvestment	0	0	0
50.	Industrial Policy & Promotion	0	0	0

1	2	3	4	5
51.	Minority Affairs	0	0	0
52.	North-Eastern Region	1	1	0
53.	Atomic Energy	8	32	24
54.	Information Technology	3	10	7
55.	Science & Tech.	7	13	6
56.	Scientific & Ind. Research	8	45	37
57.	Space	2	5	3
58.	Geological Survey of India/Mines	2	2	0
59.	Ind. Council of Agri. Research	4	12	8
60.	Earth Sciences	6	5	1
61.	Environment & Forest	13	11	2
62.	New & Renewable Energy	1	2	1
63.	Centre for Development of Telematics	-	3	3
Total		2284	2811 (including 133 new paras for the current year, 2010)	



ARCHANA NIGAM
ADDL. CONTROLLER GENERAL
OF ACCOUNTS

भारत सरकार
महालेखा नियंत्रक कार्यालय
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लोक नायक भवन, नई दिल्ली-110 003
Government of India
Office Of Controller General Of Accounts
Ministry Of Finance
Department Of Expenditure
7th Floor, 'C' Wing,
Lok Nayak Bhavan, New Delhi-110 003
Tel: 24690500 Fax: 24651591

D.O. Letter No. 1/11/2010-MC

Date: 19th/22nd November, 2010

Dear,

Please refer to this Department's O.Ms. of even No. dated 11.08.2010 and 01.10.2010 regarding reconciliation of discrepancy in the figure of pending Action Taken Notes on C&AG paras in pursuance of the PAC recommendations contained in its Eleventh Report (15th Lok Sabha). As you are, PAC have expressed displeasure over the variation in the figures of pending ATNs which need to be reconciled between Audit and Ministries/Departments to arrive at a precise figure. I would like to inform that as desired by PAC, the progress made in this regard needs to be incorporated in the Action Taken Note of Monitoring Cell of the Department and of ATN on the 11th report of PAC, duly vetted by Audit is required to be sent to PAC latest by the extended timeframe *i.e.* by 09.12.2010. Copies of list of Pending Audit Paras as on 10.09.2010 in respect of C&AG reports upto 2009 as per data available with Monitoring Cell as well as the list provided by Audit as pending as on 20.09.2010 (including current Paras) in respect of your Ministry/Department are enclosed for ready reference.

I shall be grateful, if you could kindly look into the matter personally and arrange to get the discrepancies in the figures of pending ATNs reconciled in consultation with the office of C&AG on priority basis and make available to us reconciled pending status of ATNs, latest by 26.11.2010 positively to facilitate preparation of Action Taken Note. Concerned Under Secretaries Section Officer may be deputed to Monitoring Cell along with reconciled pending status of ATNs (year-wise/para-wise) latest by 29.11.2010

Regards

Yours Sincerely,

Sd/-
(Archana Nigam)

Concerned Financial Advisers of 14 Ministries/Departments where major difference in the figures of pending ATNs have been noticed (as per list enclosed)

Raj Kumar, Commissioner (PAC), CBEC (Central Excise) Hudco Vishala Building,
S.K. Gotru, Director (CBDT) Hudco Vishala Building.
R.P. Singh, Director, CBEC (Customs) North Block

Ms. Shubha Kumar for necessary action w.r. to D.O. letter dated 04.11.2010.
Principal Director (Report Central)
O/o of the C&AG of India,
9, Deen Dayal Upadhyay Marg,
New Delhi-110 024

Sd/-
(Archana Nigam)



मी० श्रीधरन
संयुक्त महालेखा नियंत्रक
M. SRIDHARAN
JOINT CONTROLLER GENERAL OF
ACCOUNTS

भारत सरकार
महालेखा नियंत्रक कार्यालय
वित्त मंत्रालय
व्यय विभाग
लोक नायक भवन, नई दिल्ली-110 011

Government of India
Office Of Controller General Of Accounts
Ministry Of Finance
Department Of Expenditure
Lok Nayak Bhavan New Delhi-110 011
Telefax: 24624614

D.O. letter No. 1/11/2010-MC

16th December, 2010

Dear,

Please refer to your letter No. 747/Report Central/2010 dated 09.11.2010 and Smt. Archana Nigam, Addl. CGA's D.O. letter of even no. dated 22.11.2010 for furnishing reconciled status on pending ATNs on audit paras (Ministry-wise) in pursuance of the PAC recommendations contained in its Eleventh Report (15th Lok Sabha).

As per feedback received from some Departments, main reasons for discrepancies in the reported pendency of ATNs are (i) some Departments have included commercial paras in their pending list whereas audit as well as Monitoring Cell are not showing them as pending (ii) Some Departments have shown total no. of sub-paras as pending paras whereas audit have treated only main paras as pending and have not shown sub-paras in their pending list (iii) Pendency position reported by Monitoring Cell to COS in respect of CAG reports was upto 2007-08 as on 30.09.2010 whereas audit have indicated pendency in respect of reports upto 2008-09 as on 20.09.2010 (iv) Monitoring Cell has been reporting the position of settled paras only after receipt of copies of finalised vetted ATNs (in bilingual) from Departments whereas some of the audit offices dealing with paras pertaining to CBDT, CBEC and Scientific Departments are showing paras as settled at vetting stage resulting in discrepancy in the pending status. It is understood that some other offices of audit are showing settled paras at final stage after receipt of copy of finalised vetted ATNs from Departments.

Since all offices of audit are not following uniform practice while reporting settled paras, I shall be grateful if office of C&AG HQ (Report) may kindly consider to issue necessary guidelines to all concerned audit offices to follow the uniform procedure of reporting the position of settled paras only after receipt of copies of finalised vetted ATNs (in bilingual) from Departments. It is also suggested that Audit HQ may like to hold a meeting with all concerned audit offices and Departments for

reconciliation of the discrepancies in the figures of pending ATNs. I shall be grateful if you could kindly arrange to expedite Ministry-wise reconciled status of pending ATNs separately in respect of paras upto report year 2007-08 and 2008-09 as per attached format indicating updated position latest by 3rd January, 2011. I would also like to inform that in future, as and when copies of finalised/settled ATNs, on receipt from Departments, are sent to PAC branch of Lok Sabha Secretariat by Monitoring Cell, a list of the same will be forwarded to Audit HQ (Report) for information/record.

Regards

Yours Sincerely,

Sd/-
(M. Sridharan)

Ms. Shubha Kumar
Principal Director (Report Central)
O/o of the C&AG of India,
9, Deen Dayal Upadhyaya Marg,
New Delhi-110 024

Copy to:
Jt. Secy. (Pers.), for Information,
DOE, North Block, New Delhi.

Observation/Recommendation No. 10

The Committee are of the considered view that the Department of Expenditure—Monitoring Cell should facilitate conducting Workshop with the participation of concerned C&AG's officials and the respective defaulting Ministries/Departments with a view to expedite clearance of pending Action Taken Notes at regular intervals, atleast once in 3 months. In their post evidence reply the Department of Expenditure—Monitoring Cell have stated that they have advised the Secretaries of the Ministries/Departments to establish Action Taken Notes Workshops for enabling the finalization of Action Taken Notes. The Committee welcomes the step taken by the Department and expect them to ensure setting up of Action Taken Notes Workshops by all Ministries/Departments within a definite time frame. The Committee would also like to be apprised of the progress made in this regard within three months from the presentation of the Report.

[Sl. No. 10, Part-II, Para-10 of the 11th Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by the Government

In response to the instructions issued by the Department of Expenditure, as on September, 2010, 48 Departments have set up Standing Audit Committee (SAC) as nodal agency to monitor and review the progress of submission of pending ATNs. However 28 Departments could not hold the meeting of SAC and remaining Ministries have been reminded to constitute SAC/hold meetings of SAC. As on September, 2010, 14 Ministries have also conducted ATN Adalat/Workshop. Further progress in setting of SAC and holding of ATN Adalat/Workshop by Ministries/Departments will be intimated of PAC/Audit in due course of time.

It is submitted that monitoring mechanism at all levels (Ministry and Department of Expenditure) has been adequately streamlined with the setting up of institutional mechanism by way of constitution of SAC and ATN Adalat, review of progress in resolution of pending paras by holding COS meeting on quarterly basis, operationalisation of centralized computerised monitoring system for timely/expeditious submission of ATNs on audit paras at the level of Monitoring Cell, users ministries, audit and PAC branch as envisaged. It is expected that Ministries/Departments will be able to show considerable improvement in the matter of reduction of the pending audit paras. Further progress in this regard will be apprised to PAC and audit later on.

This Action Taken Note has been vetted by Office of the C&AG of India *vide* their U.O. No. 806/152/Rep. C/2010 dated 16.12.2010.

Comments of the Committee

Please *see* Paragraph No. 13 of Chapter-I

CHAPTER III

OBSERVATIONS/RECOMMENDATIONS WHICH THE COMMITTEE DO NOT
DESIRE TO PURSUE IN VIEW OF THE REPLIES RECEIVED FROM THE
GOVERNMENT

-Nil-

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE AND WHICH REQUIRE REITERATION

Observation/Recommendation No. 3

The Committee's examination of the pending position regarding submission of Action Taken Notes by the various Ministries/Departments revealed several deficiencies in the monitoring mechanism both at the Ministry/Department level as well as in the Department of Expenditure which is the nodal agency for monitoring the Action Taken Notes. As per the latest information furnished by the Ministry of Finance (Department of Expenditure—Monitoring Cell) as on 15th March, 2010, the total number of Audit paras in respect of which Action Taken Notes are pending with various Ministries/Departments from the year 1997-98 to 2007-08 stood at 4934. Out of these 3646 paras related to Department of Revenue (3172 CDBT, 462 CBEC and 12 relating to Department of Revenue), followed by Ministry of Railways (553), Defence (202), Telecommunication (90) and Health (49). However, as per information furnished by the Office of C&AG, Audit wing-wise, as of February, 2010, a total of 3450 Action Taken Notes are pending in various Ministries/Departments. Out of these 2208 pertain to Revenue wing comprising Central Board of Direct Taxes (CDBT) and Central Board of Excise and Customs (CBEC) alone, followed by Railways wing (481), Defence wing (229), Autonomous Bodies wing (180), Scientific Departments wing (165), and Civil Ministry wing (142). Further out of these 3450 pending paras, Action Taken Notes in respect of 1891 paras have not been received in the Audit even for the first time. Though Action Taken Notes in respect of 960 paras were received by the Audit, these were returned back to the respective Ministries/Departments and their re-submission for further vetting is awaited. Action Taken Notes in respect of 402 paras pertaining to various Ministries/Departments are stated to be under vetting by Audit. The Committee are dismayed at the large scale pendency of Action Taken Notes in various Ministries/Departments and also the long periods for which these are pending. The Non-Compliance by the Ministries/Departments at this scale and magnitude establishes the indifference of the Ministries/Departments to the observations/recommendations of the Committee. Such indifference on the part of Departments Officers/Chief Accounting Officers of the Ministries/Departments undermines the supervisory role and authority of Parliament and also encourages financial indiscipline and inefficiency among the rank and file of the field offices in the Ministries/Departments. The Committee note that as per Rule 64 of General Financial Rules 2005, one of the primary responsibilities of the Secretary, who is the Chief Accounting Authority of the concerned Ministry/Department is to submit Action Taken Notes on CAG's Reports within the prescribed period of four months. The Committee therefore recommended that the Chief Accounting Authorities should be made personally accountable in all cases of abnormal delays in taking remedial actions and submitting Action Taken Notes to the Public Accounts Committee.

[Sl. No. 3, Part-II, Para-3 of the 11th Report of the Public Accounts Committee (15th Lok Sabha)]

Action Taken by the Government

Concern/displeasure expressed by the Committee regarding large scale pendency of Action Taken Notes (ATNs) on Audit paras in various Ministries/Departments over long periods were communicated by the Department of Expenditure to concerned Ministries/Departments for compliance/expeditious settlement of pending ATNs. Instructions were also issued to all the Secretaries of the Government of India at the level of Secretary (Expenditure) *vide* Office Memorandum dated 1st July 2010 (copy enclosed) that they will be personally responsible/accountable as Chief Accounting Authority for ensuring that Action Taken Notes on audit paras are finalized within the prescribed time frame. Further, as a follow up action on the observations of the Committee regarding deficiencies in the monitoring mechanism both at the level of Ministry/Department and Department of Expenditure/Monitoring Cell, it is submitted that all the Secretaries of the Government of India were advised by Secretary (Exp.) *vide* O.M. dated 1st July 2010 to put in place proper monitoring mechanism by way of setting up of Standing Audit Committee(SAC) to be chaired by Secretary/Special Secretary including the Financial Adviser and also conducting ATN Adalat/Workshop to ensure speedy resolution of pending audit paras. Detailed guidelines for establishment of Standing Audit Committee in consultation with C&AG were issued *vide* Department of Expenditure's O.M. dated 2nd August 2010 (copy enclosed). The nominee of the C&AG will participate in the SAC in respect of Ministry of Defence, Railways, Department of Telecommunications and Department of Revenue (CBDT & CBEC) against whom large number of paras are pending. The SAC, as a nodal agency, will monitor and review the submission of ATNs on Audit Paras on a monthly basis so as to ensure that all audit paras are responded to within the stipulated time limit and also take appropriate remedial measures for systematic and other required changes in order to prevent recurrence of persistent irregularities pointed out in the audit paras. Simultaneously, Ministries/Departments have been advised to organise ATN Adalat/Workshop every quarter inviting representative of audit to resolve and finalise pending ATNs.

As a result of various measures taken by the Department of Expenditure, position of pending audit paras in various Ministries/Departments have shown considerable improvement. The pendency position has come down from 4934 pending ATNs earlier reported by Monitoring Cell as on 15th March 2010 in respect of CAG reports from 1997-98 to 2007-08 to 2284 as on 30th September 2010. Out of 2284 pending ATNs, total 848 ATNs (excluding current year paras) are reported to have not been sent to Audit even for the first time by the Ministries/Departments as against 1891 paras reported by Audit earlier.

This Action Taken Note has been vetted by Office of the C&AG of India *vide* their U.O. No. 806/152/Rep. C/2010 dated 16.12.2010.

Comments of the Committee

Please *see* Paragraph No. 7 of Chapter I.

No. 12(2)/ E-Coord./2010
Ministry of Finance
Department of Expenditure
(E-Coordination Branch)

Dated 1st July, 2010

OFFICE MEMORANDUM

Subject: Non-submission/delay in submission of Action Taken Notes/Action Taken Reports—following up to CoS Meeting regarding.

In recent CoS meeting convened by the Cabinet Secretary on 17 June, 2010, it was decided that special efforts may be made to clear the pending ATNs/ATRs on CAG Audit Paras and PAC recommendations within the next three months. In pursuance of the meeting it is reiterated that:—

- (i) Secretaries of Ministries/Departments as Chief Accounting Authorities will be personally responsible for ensuring that ATNs/ATRs on Audit Paras/PAC Reports are finalised within the prescribed timeframe.
- (ii) ATN Adalats/Workshops may be organised every quarter inviting representative of audit, to resolve and finalise the pending ATNs/ATRs.
- (iii) Timely submission of ATNs/ATRs has been included as one of the targets in the RFD of the each Ministry/Department as the responsibility of the Chief Accounting Authority and assigned a weightage of two points.
- (iv) As per list obtained from Department of Official Language (MHA), Departments could consider outsourcing the Hindi Translation to translators from approved panel and at approved rates, to expedite the pending reports/notes (copy enclosed).
- (v) During the next three months, all Ministries/Departments will ensure that pendency of ATNs/ATRs is brought down by at least 50% of the present pendency. The next meeting of the CoS on this subject will take place in the second half of October, 2010.

2. In order to expedite action in the future the following institutional mechanism needs to be put in place:—

- (i) ATN Adalats as indicated in (ii) above
- (ii) Standing Audit Committee to be constituted in all Ministries/Departments. For this more detailed instructions will be issued shortly in consultation with the Office of C&AG.

3. All Secretaries as Chief Accounting Authorities may note the above for implementation.

Sd/-

(Sushama Nath)
Secretary (Expenditure)

1. All Secretaries to Government of India.
2. All FAs.

No. 12(2)/E-Coord. 2010
Ministry of Finance
Department of Expenditure
(E-Coord. Branch)

New Delhi, dated 2nd August, 2010.

OFFICE MEMORANDUM

Subject:—Non-Submission/delay in submission of ATNs/ATRs—Constitution of Standing Audit Committee (SAC)—reg.

Attention is invited to this Department's O.M. of even No. dated 1st July, 2010 on the subject cited above wherein it was indicated that Standing Audit Committees (SACs) would be constituted in all Ministries/Departments for which detailed instructions would be issued in consultation with C&AG. In pursuance thereof, it has been decided that the composition of the Standing Audit Committees would be (i) Secretary of the Department; (ii) Financial Adviser; and (iii) Any other member the SAC may wish to co-opt. The nominee of the C&AG at the level of DG/PD will participate in the SAC in respect of Ministry of Defence, Ministry of Railways, Department of Revenue (CBDT and CBEC) & Deptt. of Telecommunications. The SAC, as a nodal agency, will monitor and review on a monthly basis the submission of ATNs on C&AG's Audit Paras and ATRs on PAC recommendations and take appropriate remedial measures.

2. Further, the Terms of References (ToRs) of the Standing Audit Committee (SAC) will be as follows:—

- (i) The main objective of SAC will be to ensure that all Audit Paras printed in CAG's Audit Report are responded to within the time-limits to be specified by the SAC concerned and in any case not later than that prescribed by CAG, and consider fixing responsibility in all cases of non-adherence to such time-limits.
- (ii) The SAC should cover the ATNs/ATRs pertaining to not only the Ministry but also its subordinate offices, PSUs and Autonomous Bodies.
- (iii) The SAC shall hold regular meetings to deal with the pending ATNs/ATRs by classifying them in any manner that they may deem fit (e.g. thematically, department-wise, age-wise etc.) in order to ensure speedy compliance.
- (iv) The SAC may also oversee the effectiveness of functioning of *Ad hoc* Committees, where these have been set up in terms of the instructions contained in the letter No. 12(9)-E Coord./84 dated 1st January, 1985 (copies enclosed), which aims at settlement of audit paras at the initial stages when it is issued through Inspection Reports (IR). At this stage, if suitable remedial action is initiated or compliance made, it will have a positive impact of, on the one hand ensuring better governance and on the other hand saving time on dealing with ATNs.

- (v) The SAC shall ensure dissemination of the assurances given in the final ATNs so that the cases where audit contention has been accepted, are promptly complied with by all concerned, in the department and there is no recurrence of such cases.
- (vi) SAC may consider suitable incentives/disincentives to ensure settlement of pending ATNs through speedy compliance of audit observations and circulate best practices in this regard.
- (vii) SAC shall hold discussions regarding systemic and other changes that may be necessary in order to prevent recurrence of persistent irregularities coming to their notice which may require change in any rule, procedure etc. which normally do not get addressed at the lower levels leading to audit objections remaining outstanding despite exchange of replies.
- (viii) Any issues where there is difference of opinion between the Department and Audit regarding interpretation of Rules/Notification could also be discussed by SAC to reach a mutually acceptable conclusion and action for inclusion in the ATNs.
- (ix) A Nodal Officer may be appointed by the SAC to coordinate all matters relating to ATNs/ATRs.

3. All Ministries/Departments are requested to constitute the SAC immediately. A copy of the order issued in this regard may be endorsed to this Department.

Sd/-
(Madhulika P. Sukul)
Joint Secretary (Pers.)

1. All Secretaries to the Government of India.
2. All Financial Advisers.

Copy for information to:

1. Cabinet Secretariat (Smt. Mala Dutt, Director) w.r.t. CoS Meeting held on 17th June, 2010.
2. Smt. Rekha Gupta, Dy. Comptroller & Auditor General.

No. 12(9)-E-Coord./84
Government of India
Ministry of Finance
Department of Expenditure
New Delhi, the 1st January, 1985

OFFICE MEMORANDUM

Subject:—Outstanding audit objections—formation of *Ad hoc* Committees for settlement thereof.

The undersigned is directed to say that instructions have been issued from time to time emphasising on the importance of prompt settlement of audit objections by the administrative authorities and for keeping a close watch over the clearance of objections outstanding for over six months. Attention in this connection is invited to Secretary (Expenditure), Shri T.P. Singh's D.O. letter No. 12 (49)-E-Coord./66 dated 27.2.1967 (copy enclosed) wherein Ministries were requested to take suitable remedial measures for reducing the backlog of audit objections. It was also mentioned that where a Ministry had a large number of chronic objections which had somehow defied attempts at settlement in the ordinary order, Administrative Secretaries might consider the appointment of an '*Ad hoc* Committee' which a representative of Audit as an observer to go through the backlog and dispose of the objections by taking appropriate action on each one of them. It may please be confirmed urgently whether such an *Ad hoc* Committee was set up in the Ministry of Home Affairs etc. In case no such Committee has been formed so far, immediate action may be taken for formation of the Committees under intimation to this Department. The need to constitute an *Ad hoc* 'Committee', as mentioned above, would, of course, not arise, if the Ministry/Department concerned did not have many outstanding audit objections.

Sd/-
(M.S. MATHUR)
Director

To

All Ministries/Departments of the Govt. of India.

Copy for information to:

Comptroller & Auditor General with reference to his letter No. 1602-45--82. II dated 12.12.1984.

Copy of D.O. letter No. F.12(49)-E-Coord./66 dated 27.2.1967 from Shri T.P. Singh, Secretary, Deptt. of Expenditure to all Administrative Secretaries.

I am writing to you on the subject of prompt attention being given to draft audit paragraphs received from the Audit Departments and also the timely clearance of audit objections. Shri Dehejia had written to Secretaries on the 6th January, 1982 (*vide* D.O. No. 98-PSS/65 on the subject and our memorandum No. F.14(58)-E-Coord./

65-II dated 28.1.1966 also refer to this. The Audit Report (Civil) 1966 gives statistics of the pending objections and it is seen that a large number of such objections relating to the period earlier than April 1962 are still pending. The Public Accounts Committee at the last meeting when they examined the Finance Ministry were rather concerned about the state of affairs, and one cannot but agree with them that the some special steps are necessary to improve the position.

2. Regarding audit objections, the best arrangement would be to take preventive action and see that objections of the same nature do not recur. Normally, it should be possible to send proper explanations or take remedial action within a period of six months from the date on which such objections are raised. In regard to the pending objections, it would be necessary to work on the basis of a time schedule and this question has been specifically emphasised by the P.A.C. With reference to the old objections relating to the period earlier than April 1962 which are still pending, it has been suggested that a serious effort should be made to dispose of them within a period of six months. I shall be grateful if you take necessary action to settle the objections on the above basis by issuing suitable instructions to your Heads of Departments etc., where necessary. The C&A.G., has issued instructions to the Acctts. General, Director of Commercial Audit and Director of Audit, Defence Services, to furnish lists with necessary details of all *objections* outstanding for over six months in the half-yearly returns sent by them to the various Ministries/ Deptts. of the Govt. of India in pursuance of the instructions contained in the Ministry of Finance O.M. No. 27(7)-EGI/53, dated 19.12.1953. He has also instructed chair to furnish half-yearly, a list of *paras* outstanding in the inspection reports for over one year. These reports should help on administrative Ministries/Deptts. in expeditious settlement of outstanding objections. You will no doubt obtain from the authorities concerned reports showing the progress made from time to time. Though this matter is primarily the concern of the administrative authorities, I would, in view of the interest certified by P.A.C. , advise that in reviewing the progress made and in initiating any further measures that may be necessary for speedier disposal, you may associate the F. of your Ministry, where the Ministry has a large number of chronic objections which have somehow defied attempts at settlement in the ordinary manner you may consider with appointment of an *Ad hoc Committee* including backlog and dispose of the objections by taking appropriate action on of them. Such a procedure has been followed on the Defence side with satisfactory results. I think a review of progress the in two months might also because fully made in the circumstances.

3. Regarding the manner in which Audit paragraphs sent to Ministries in draft should be dealt with, there are already clear instructions on the subject in the Standing Guard File prepared by the Ministry of Finance on "Speedy Settlement of Audit Objection, Inspection reports and timely disposal of draft Audit Paragraphs" (*Vide* Ministry of Finance letter No. 32(9)-EGI/60, dated 3.6.1960, on pages 20-21 of the Guard File). Briefly, instructions exist that comments on draft Audit paragraphs have to be submitted to Audit within a period of six weeks. If in exceptional cases this is not possible, it is necessary for the Ministry to get in touch with the Audit Officer concerned and report the position with the available facts. In the absence of

any communication, the draft Audit Paragraphs will be incorporated in the Audit Report on the basis of fact available to Audit. I would suggest your kindly reviewing the existing arrangements for the receipt and disposal of Audit Paragraphs in your Ministry and taking all necessary steps for ensuring prompt action so that the present state considered to be extremely unsatisfactory by the P.A.C. does not persist.

4. It has been brought to our notice that in a number of cases the comments of the Ministries on the draft paras are communicated to the Acctts. General over the signature of junior officers, Sections Officers/Under Secretaries. As the draft paras are sent by the Acctts. General to the Secy. concerned for his information and to enable him to look into the papers before the case comes for examination before the P.A.C. (*Vide* paragraphs 1(c) of Shri M.V. Rangachari's letter No. 26/SF/55, dated 6.1.55 to all the Secys. of the Govt. of India, and as it would be advantageous if the draft para are examined at a sufficiently high level in the Ministries, I would suggest that comments on the draft paras should be communicated to the Acctts. General, etc., over the signature of the Jt. Secy. concerned and where this is not practicable, it should be mentioned in the forwarding letter that the comments have the approval of the Secy./Jt. Secy. Formal orders to this effect have been issued in our O.M. No. F. 12(9)-E(Coord)/67 dated 8.2.1967.

It is desirable for the Admn. Secy. concerned to have a control Register opened, in which audit paragraphs in draft, as they are received may be diarised and their disposal watched. This will avoid a large number of paragraphs remaining uncommented upon and in time.

For our part, I have discussed the matter with the C. & A.G. as desired by the P.A.C., and it is being arranged that Audit will sent to the Associat F. copy of each Audit Paragraphs sent to the administrative Ministry in order that he may be in the picture from the beginning and find such assistance as may be required.

5. You have no doubt appointed, as required under the existing instructions, a senior officer in your Ministry to coordinate all matters relating to audit objections and audit paragraphs. He should as far as possible use the facility of consultation with the Audit Officer concerned and reduce the number of audit paras or objections at the very outset.

6. I would request you to keep me informed of the action taken in regard to your Ministry and officers under your control.

CHAPTER V

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH THE GOVERNMENT HAVE FURNISHED INTERIM REPLIES

Observation/Recommendation No. 6

The Committee note that there is a heavy pendency of Action Taken Notes in respect of Paras relating to Department of Revenue, Ministry of Finance in the Revenue divisions *viz.* Direct Taxes (CBDT) and Central Board of Excise and Customs (CBEC). As on 15.09.2009, the total number of Action Taken Notes pending with the Ministry of Finance (Department of Revenue) for the period 1996-97 to 2006-07 stood at 1811. Out of these, 760 Paras pertained to the Customs division, 565 Paras to the Central Excise and 486 to the CBDT. However, as per the statement furnished by the Audit as on February, 2010, a total of 2208 Action Taken Notes are pending with the Department of Revenue, Ministry of Finance. Out of these 1476 Action Taken Notes were stated to be not received in the Audit Office even for the first time. While 461 Action Taken Notes are awaiting re-submission by the Department to the Audit after their return by Audit, 271 Action Taken Notes are under vetting by the Audit. According to the Department of Revenue the reasons for large scale pendency of Action Taken Notes in the three revenue divisions are due to numerous Audit Paras being sub judice and that Action Taken Notes in respect of these paras can be submitted only after the judicial process is over, which takes time anywhere between 6 months to 4 years. However, a scrutiny of the statement furnished by the Ministry of Finance (Department of Expenditure—Monitoring Cell) reveals that a substantial number of Action Taken Notes are pending for more than 4 years and some of them are as old as 10 years. Hence, the plea taken by the Department of Revenue for the inordinate delays in submission/finalization of Action Taken Notes is not entirely accurate in a substantial number of cases. Obviously the Chief Controlling Authority, Department of Revenue needs to pay serious attention to this problem. The Committee would like to be apprised of the break-up of all cases of pending Action Taken Notes indicating the number of Action Taken Notes that are pending before courts/tribunals in respect of each revenue division *viz.* Central Board for Direct Taxes (CBDT) and Central Board for Excise and Customs (CBEC). The Committee desire that Ministry of Finance (Department of Revenue) in consultation with the Audit should find ways and means to address this problem so as to ensure that the Action Taken Notes are furnished to the Committee within a stipulated time sounding the importance of adhering to standards of parliamentary accountability.

[Sl. No. 6, Part-II, Para-6 of the 11th Report of the Public Accounts
Committee (15th Lok Sabha)]

Action Taken by the Government

Observations of the Committee regarding large pendency of ATNs in respect of CBDT and CBEC have been communicated to the concerned organisations for necessary remedial action. Secretary (Revenue) was also requested by Secretary (Exp.) *vide* DO letter 21st June, 2010 (copy enclosed) seeking intervention for submission of first response to audit in respect of pending ATNs concerning CBDT and CBEC within next 15 days. As on September, 2010, total 1459 audit paras pertaining to CBDT and CBEC were reported to be outstanding. Out of these, 1079 paras related to CBDT, 178 to Custom and 202 to Excise Divisions of CBEC. As per information made available as on 15th November, 2010, first response in respect of total 701 ATNs in respect of CAG reports upto the year 2007-08 are yet to be sent to audit by CBDT. CBEC (Customs) and CBEC (Excise) have reported that first response to audit have been sent in respect of all pending paras contained in CAG reports upto the year 2007-08. In pursuance of the recommendations of the Committee, CBDT and CBEC (Customs and Excise) were requested to furnish details of cases of ATNs pertaining to them which are pending before Courts/Tribunals. Customs Divisions and Central Excise of CBEC have reported that total 01 and 24 cases respectively are pending before various Courts/Tribunals. Information from CBDT is awaited and will be intimated to PAC/Audit later on.

This Action Taken Note has been vetted by Office of the C&AG of India *vide* their U.O. No. 806/152/Rep. C/2010 dated 16.12.2010.

NEW DELHI;
15 November, 2011
24 Kartika, 1933 (Saka)

DR. MURLI MANOHAR JOSHI
Chairman,
Public Accounts Committee.

सुषमा नाथ
सचिव
Sushama Nath
SECRETARY



DO No. 12(2)/E-Coord/2010
व्यय विभाग
वित्त मंत्रालय
भारत सरकार
Department Of Expenditure
Ministry Of Finance
Government Of India
नई दिल्ली/New Delhi-110001
Tel. : 23092929
: 23092663
Fax : 23092546

21st June, 2010

Dear Sunil,

In a recent review on non-submission/delay in submission of Action Taken Notes/Action Taken Reports on the reports of PAC and C&AG taken by the Cabinet Secretary, it was observed that in the case of a large number of audit Paras, ATNs have not been sent by the Ministries even for the first time.

In the case of your Ministry, there are 1529 Paras on which the first response has not been sent. Cabinet Secretary has directed that in the case of all such pending cases, the first response from the Ministries may be sent to the office of the C&AG within the next 15 days. You are, therefore, requested to kindly ensure that ATNs in these cases are sent within the next fortnight under intimation to Department of Expenditure and the Monitoring Cell.

With regards,

Yours sincerely,

Sd/-
(Sushama Nath)

Shri Sunil Mitra,
Secretary,
Department of Revenue,
North Block, New Delhi.

APPENDIX I

MINUTES OF THE SIXTH SITTING OF THE PUBLIC ACCOUNTS COMMITTEE (2011-12) HELD ON 23RD SEPTEMBER, 2011

The Public Accounts Committee sat on Friday, the 23rd September, 2011 from 1130 hrs. to 1330 hrs. in Room No. '53', Parliament House, New Delhi.

PRESENT

Dr. Murli Manohar Joshi — *Chairman*

MEMBERS

Lok Sabha

2. Shri Anandrao Vithoba Adsul
3. Shri Anant Kumar Hegde
4. Shri Bhartruhari Mahtab
5. Shri Shripad Yesso Naik
6. Shri Sanjay Nirupam
7. Shri Jagdambika Pal
8. Shri Adhi Sankar
9. Kunwar Rewati Raman Singh
10. Shri K. Sudhakaran
11. Dr. Girija Vyas

Rajya Sabha

12. Shri Tariq Anwar
13. Shri Prasanta Chatterjee
14. Shri Naresh Gujral
15. Shri Prakash Javadekar
16. Prof. Saif-ud-Din Soz

SECRETARIAT

1. Shri Devender Singh — *Joint Secretary*
2. Shri Abhijit Kumar — *Director*
3. Shri M.K. Madhusudhan — *Additional Director*
4. Shri Sanjeev Sharma — *Deputy Secretary*
5. Shri D.R. Mohanty — *Deputy Secretary*
6. Smt. A. Jyothirmayi — *Deputy Secretary*

REPRESENTATIVES OF THE OFFICE OF THE COMPTROLLER AND AUDITOR
GENERAL OF INDIA

- | | | | |
|----|----------------------|---|--|
| 1. | Shri K.P. Sasidharan | — | Director General (AB) |
| 2. | Ms. Subha Kumar | — | Director General (Report Central) |
| 3. | Shri A.M. Bajaj | — | Principal Director (ESM) |
| 4. | Shri C.M. Sane | — | Principal Director (AFN) |
| 5. | Ms. Divya Malhotra | — | Principal Director (Railway Audit Board) |
| 2. | **** | | **** |
| 3. | **** | | **** |

4. The Committee, thereafter, took up the following Draft Reports, one by one, for consideration and adoption:

- | | | | |
|-------|------|------|------|
| (i) | **** | **** | **** |
| (ii) | **** | **** | **** |
| (iii) | **** | **** | **** |
| (iv) | **** | **** | **** |

(v) Draft Report on Action Taken by the Government on the Observations/ Recommendations of the Committee contained in their Eleventh Report (Fifteenth Lok Sabha) on '**Non-compliance by Ministries/Departments in timely submission of Action Taken Notes on the non-selected Audit Paragraphs**';

- | | | | |
|--------|------|------|------|
| (vi) | **** | **** | **** |
| (vii) | **** | **** | **** |
| (viii) | **** | **** | **** |

5. After some discussion, the Committee adopted all but one Draft Report mentioned at Sl No. (vii) above, with some modifications/suggestions.

****	****	****
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Similarly, while discussing the Draft Report mentioned at Sl. No. (v) some Members suggested that the Expenditure Secretary should be called before the Committee to explain the measures taken by different defaulting Ministries/ Departments to submit the Action Taken Notes on various Audit Reports within the stipulated time frame of four months and the action taken by the Monitoring Cell against them.

- | | | | |
|----|------|------|------|
| 6. | **** | **** | **** |
|----|------|------|------|

**** Matters not related to this Report.

7. The Committee authorized the Chairman to finalise the adopted Draft Reports in light of the factual verifications, if any, made by the Audit and present them to the House on a date convenient to him.

The Committee, then, adjourned.

APPENDIX II

(Vide para 5 of Introduction)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS OF THE PUBLIC ACCOUNTS COMMITTEE CONTAINED IN THEIR ELEVENTH REPORT (FIFTEENTH LOK SABHA)

(i)	Total No. of Observations/Recommendations	— 10
(ii)	Observations/Recommendations of the Committee which have been accepted by the Government: Para Nos. 1,2,4,5,7,8,9 and 10	— Total: 8 Percentage—80
(iii)	Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government: -Nil-	— Total: 0 Percentage—0
(iv)	Observations/Recommendations in respect of which replies of Government have not been accepted by the Committee and which require reiteration: Para No. 3	— Total: 1 Percentage—10
(v)	Observations/Recommendations in respect of which Government have furnished interim replies: Para No. 6	— Total: 1 Percentage—10