

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 (SAC) 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 Reference (ToRs) of the Standing Audit Committee (SAC) will be as follows:-

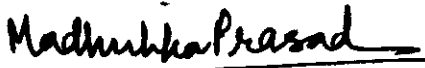
- (i) The main objective of SAC will be to ensure that all Audit Paras printed in CAG's Audit Report are responded to within the time-limits to be specified by the SAC concerned and in any case not later than that prescribed by CAG, and consider fixing responsibility in all cases of non-adherence to 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,

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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 incentive/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.


(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)-2(Coord)/84
Government of India
Ministry of Finance
Department of Expenditure

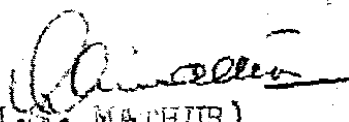
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New Delhi, the 1st January, 1985

OFFICE MEMORANDUM

Subject:- Outstanding audit objections - formation of
Adhoc 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 Ministers 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 manner, Administrative Secretaries might consider the appointment of an 'Adhoc Committee' with 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 Adhoc 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 'Adhoc Committee', as mentioned above, would, of course, not arise if the Ministry/Department concerned did not have many outstanding audit objections.


(M.S. MATHUR)
Director

cc:

All Ministries/Departments of the Govt. of India

For information to:

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

Copy of D.O. letter No. F.12(49)-3(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 clearnace of audit objections. Shri Denejia had written to Secretaries on the 6th January, 1966 (via D.O. No. 98-PSS/65) on the subject and our memorandum No. F.14(58)-3(Coord)/65-II dated 28.1.1966, also refers 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 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 Accts. 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)-EGL/53, dated 19.12.1953. He has also instructed them to furnish half-yearly, a list of paras outstanding in the inspection reports for over one year. These reports should help the 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 taken by the 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.A. of your Ministry. Where a Ministry has a large number of chronic objections which have somehow defied attempts at settlement in the ordinary manner, you may consider the appointment of an Adhoc Committee including 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. Such a procedure has been followed on the Defence side with satisfactory results. I think a review of progress once in two months might also be usefully 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)-EG/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 the 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 Accts General over the signature of junior officers - Sections Officers/Under Secretaries. As the draft paras are sent by the Accts 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 paras are examined at a sufficiently high level in the Ministries, I would suggest that comments on the draft paras should be communicated to the Accts. 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 un-commented upon and in line.

For our part, I have discussed the matter with the C.A.C. as desired by the P.A.C., and it is being arranged that Audit will send to the Associate P.A.C. a copy of each Audit Paragraph sent to the administrative Ministry in order that he may be in the picture from the beginning and lend 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.

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