No. 12(3)&(Coord)/84
Government of India
Ministry of Finance
Department of Expenditure

New Delhi, the 1st January, 1965

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 emphasizing 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(1)&(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 indication 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.

(W.S. NAMHUR)
Director

To:
All Ministries/Departments of the Govt. of India

For Information to:
I am writing to you on the subject of prompt action being given to draft audit paragraphs received from the Audit Department and also for timely clearance of audit objections. Mr. Delima had written to Secretaries on the 6th January, 1966 (file 298-C 36-66-Fac 66) on the subject and our memorandum No. 362 (COORD)-66-II dated 30.1.1966, also refers to this.

An Audit Report (Civil) 1965 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.

3. Regarding audit objections, the best arrangement would be to take preventive action and see that objections of the same kind do not recur. Normally, it would 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 the 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.O. has issued instructions to the Account 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. 37 (7)-65/66 dated 19.12.1965. He has also instructed them to furnish half-yearly, a list of same outstanding in the inspection reports for each year. This report should help the administrative Ministries/Deptts. in expedition of settlement of pending objections. You will have no doubt obtained 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 formulating any further measures that may be necessary for speedy disposal, you may associate the P.A.O. of your Ministry.

Mr. Ministry has a large number of chronic objections which have been dealt with attempts at settlement in the ordinary manner, you may consider the appointment of an Ad hoc 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 made in two months might also be useful in the circumstances.
3. Regarding the manner in which audit paragraphs sent to 
Ministries in draft should be dealt with, there are adequate clear 
instructions on the subject in the Standing Guard File prepared 
by the Ministry of Finance on 'Speedy Settlement of Audit 
Inspection Reports and timely disposal of draft audit paragraphs' 
(Via: Ministry of Finance: letter No. 32(9)-pg/60, dated 2.5.1960, 
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 into the Audit Report on the basis of fact and action reported 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 urgently 
unsatisfactory by the P.m.c. does not persist.

4. It has been brought to our notice that a number of cases 
are not cleared in the Central Audit etc. G neral over the signature of junior officers - 
Sections Officers/Und r Secretaries. As the draft paragraphs are sent by the Central G neral to the Secretary concord and report the position so that the 
paragraphs receive concord and attachment for examination b y the P.m.c.(draft paragraphs 1(e) of draft No. 
Aug 1957). The letter No. 85/3P/55, dated 6.1.60 to all the Secys. 
of the Govt. of India and as it would be advantageous if the draft paragraphs examine at a sufficiently high level in the Ministry 
I would suggest that comments on the draft paragraphs should be 
communicated to the Central G neral, over the signature of the Jt.Scy. 
concord and where this is not practicable, it should be attended 
by forwarding letter that the comments have the approval of the 
Scy/Jt.Scy. Formal orders to this effect have been issued in 
our G.O. 12(9)-E(Ord)/57 dated 8.2.1967.

It is desirable for the Admin. S cy. concerned to have a 
control Register opened in which audit paragraphs in draft, as they 
are received by the P.m.c. and it is being arranged that 
will avoid a large number of paragraphs remaining uncommented upon 
and in this.

For your part, I have discussed the matter with the 
S cy. as desired by the P.m.c. and it is being arranged that 
will send to the Associate. A copy of each audit paragraph sent to the administrative Ministry in order that he may 
be in the picture from the beginning and find such assistance as 
you may require.

5. You have no doubt appointed, as required under the existing 
instructions, a senior officer in your Ministry to co-ordinate all 
measures 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 paragraphs or objections at the very outset.

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