



FINANCE (PU-B) DEPARTMENT

**No. 63/98/Fin., Thiruvananthapuram,
dated 19th September 1998**

CIRCULAR

Sub. - Public Sector undertakings—Delay in Presenting Annual Reports and Audited Accounts—Recommendations of the parliamentary Committee on papers laid before the Table of the House—Implementation of.

Ref. - D.O. Letter No. 9th January 1998-IGC, dated 23rd April 1998 from Sri. T.S. Krishna Murthy, Secretary, Ministry of Law Justice and Company Affairs, Government of India to Sri. C.P. Nair, Chief Secretary.

In its 60th Report, the parliamentary Committee on papers laid on the Table of the House has re-emphasized that the Annual Reports and Audited Accounts of Public Sector Undertakings should be laid on the Table of the Parliament or State Legislature, as the case may be within the stipulated time. The Committee has also observed that there is practically no system to cross check the auditor's qualifications. Further while auditing the accounts of Public Undertakings, auditor's may make comments/observations or point out defects which have to be explained by the management and the defects have to be rectified. But it is seen that the managements of Public Sector Undertakings deal with the comments/observations rather causally. It is also noticed that the Administrative departments of the Public sector Undertakings in the Secretariat have only a limited role in scrutinizing the comments of auditors and taking follow up action thereon. In the above circumstances the following procedure is laid down for strict compliance by the managements of the State Public Sector Undertakings and the Administrative Departments.

(a) The managements of the Public Sector Undertakings should furnish within 2 weeks first replies both to the routine and major objections raised by the auditions in their final report.

(b) While placing the annual audited accounts before the Board the Management should give comprehensive replies to each and every audit observation made in the report. The board should examine each case in detail and ensure that the replies furnished by the Management explain the matter fully and satisfactorily. The Government explain the matter fully and satisfactorily. The Government Directors representing Finance and Administrative Departments of the concerned Public Sector Undertakings shall be personally responsible to ensure this.

(c) The Managements of the Public Sector Undertakings are responsible for giving the final replies to the auditions comptroller and Auditor General of India except in cases where audit observations need decision or ratification by Government. In the latter cases, the management should take up the matter with Government with all factual details of the case for the examination in Government.

(b) While forwarding copies of the annual accounts to the Legislature, the Management of Public Sector Undertakings should give full details of the action taken on each and every observation in the audit report together with copies of replies furnished to the auditors by the Management.

The above procedure is laid down to ensure effective counter check on the auditors' qualifications and to ensure that action is taken by the Managements on the comments/observations made by the Auditors. The Administrative departments and the Administrative Departments should follow these instructions without fail.

M.MOHANKUMAR,
Chief Secretary