

## Table of Contents

| Chapter | Contents  | Paras   |
|---------|---|---------|
| 25      | Organization and Functions of Ministry of Defence, Ministry of Defence (Finance) and Army                   | 496-504 |
| 26      | Audit of Sanctions - Government Sanctions and Sanctions accorded by Lower Authorities                       | 505-509 |
| 27      | System of Provisioning Central and Local Provisioning and Local Purchase                                    | 510-518 |
| 28      | General instructions for the Local Test Audit of Units and Formations                                       | 519-543 |
| 29      | Military Engineer Services  | 544-647 |
| 30      | Defence Estates Management  | 648-657 |
| 31      | Ordnance Formations   | 658-683 |
| 32      | Army (EME) Workshops  | 684-698 |
| 33      | Army Service Corps  | 699-732 |
| 34      | Military Farms including Remount Veterinary Depots  | 733-746 |
| 35      | Embarkation Headquarters  | 747-756 |
| 36      | Armed Forces Medical College, Armed Forces Medical Store Depots, Military Hospitals and other Medical Units | 757-770 |
| 37      | Recruiting Organisation - Administrative Formation and other Miscellaneous Units / Formations               | 771-781 |
| 38      | Training Institutions   | 782-787 |
| 39      | Pay Accounting - PBORs  | 788-802 |
| 40      | Defence Pension Disbursing Officers (DPDOs) Treasuries and Banks  | 803-806 |
| 41      | Canteen Stores Department   | 807-828 |
| 42      | Border Roads Organisation   | 829-860 |
| 43      | Directorate General of Quality Assurance  | 861-866 |
| 44      | Research and Development Organisation   | 867-878 |
| 45      | Grants-in-Aid and Autonomous Bodies   | 879-887 |
|         | <b>Appendix-I</b>   |         |
|         | <b>Appendix-II</b>  |         |



## CHAPTER 25

### ORGANISATION AND FUNCTIONS OF MINISTRY OF DEFENCE, MINISTRY OF DEFENCE (FINANCE) AND ARMY

**496.** The Defence of India and every part thereof, including preparation for Defence and all such acts as may be conducive in times of war to its prosecution and, after its termination, to effective demobilization, is the responsibility of the Raksha Mantralaya (Ministry of Defence). The administration of the Armed Forces of the Union, namely, the Army, the Navy and the Air Force, and the reserves of these Forces is, therefore, the main function of the Ministry. Matters relating to other organisations, like the Territorial Army, Coast Guard, the Auxiliary Air Force and the National Cadet Corps, are also looked after by the Ministry.

#### **Functions of Ministry of Defence**

**497.** (i) Administration of matters relating to the Armed Forces includes acquisition and management of land and property for Defence purposes and works items relating to the various Services and Ordnance Factories. In particular, the formation of cantonments and the arrangements for local self Government in such areas are among the functions of the Ministry.

Although the three Branches of the Defence Services-the Army, the Navy and the Air Force-are under the general control of the Ministry, they normally function directly under their respective Chiefs of Staff who are assisted by their Principal Staff Officers. It is, however, one of the important functions of the Ministry to ensure that the development and activities of the three Services are coordinated and adequate liaison with other Ministries is maintained. The Ministry is responsible for obtaining policy decisions of Govt. and for transmitting them to and progressing their implementation by the three Services Headquarters and in particular, for obtaining the necessary finance for Defence expenditure and for its allocation among the three branches of Defence Services. Chief of Integrated Defence Staff to Chair Chiefs of Staff Committee has been created in 2001 for supervising and coordination of plans for the three Services and presenting coordinated set of proposals to the Government. In the formation of the plans, the integrated Defence Staff is primarily expected to function as military filter to significant capital commitments being made in the plans and budget. The existing procedures and systems relating to financial scrutiny and formulation and review of Defence budget by Defence (Finance) continue. Planning also helps in better and timely allocation of priorities and funds on various schemes.

(ii) There are certain organizations, however, which are of an inter-Service character whose administration is the direct responsibility of the Ministry. This direct responsibility also extends to the Public Sector Undertakings which are under the administrative control of the Ministry.

(iii) The Defence Minister's Committee has two Sub-Committees viz. Principal Personnel Officers Committee and Principal Supply Officers Committee, with the Ministry of Defence, Ministry of Defence (Finance), and Services Headquarters representation at a minimum Joint Secretary level. These Sub-Committees are presided over by the senior most Service representative on the Sub-

Committee on rotational basis. These Sub-Committees meet regularly at the direction of the Defence Minister's Committee or at the request of any member of the Sub-Committee to discuss inter Services matter and to make recommendations to the Defence Minister's Committee or to the Government in that regard. The Chiefs of Staff Committee (referred to in para 6) are afforded an opportunity to consider all the recommendations of these Sub-Committees before these are submitted to the Defence Minister's Committee.

Another Committee known as the Defence Minister's (Production and supply) Committee deals with matters relating to indigenous production of Defence Stores, equipment and import substitution in the field of Defence. It also reviews from time to time the mobilization plans for Defence Production. In addition to the above two Committees, there is a Defence Minister's Appellate Committee on Pensions to consider appeals in respect of claims to disability and family pensions of the personnel of the Armed Forces.

The Defence Research and Development Council is responsible for coordinating and indicating general direction of policy for scientific research relating to Defence and the development of or improvement in material required by the Armed Forces.

The Chief of Staff of each Service is in complete command of the service under him subject to rules, regulations, procedures and orders issued by Govt. In the context of the modern concept of Defence and more particularly with the rapid technological development, it is obvious that Defence of the country involves a joint effort by all the three Services. Hence, a committee consisting of the three Chiefs of Staff is constituted with the member having been the longest in the committee as Chairman to consider all important Defence matters and more particularly those which concern more than one Service. The Chiefs of Staff Committee thus advises the Government on matters relating to general Defence strategy, Defence build up and such questions as are referred to it by the Government. Integrated Defence Staff and associated structures, headed by Chief of Integrated Defence Staff, have been created to support the Chairman and the Chiefs of the Staff Committee in the optimal performance of their roles and functions.

New Defence Procurement Organisation has been established in 2001 to deal with acquisitions on the Capital Account. This consists of an over arching structure of Defence Acquisition Council, under the Raksha Mantri, to inter alia approve in principle the Capital Acquisition Plan in the long term and to identify the projects involving outright purchase or purchase followed by licensed production/indigenous development or indigenous production and R&D. The decisions of Raksha Mantri flow down for implementation to Defence procurement Board, Defence Production Board and Defence R&D Board. The Defence Procurement Board is assisted in its functioning by an Acquisition Wing headed by Special Secretary (Acquisition) who is assisted by Financial Adviser (Acquisition). The Acquisition Wing has officers from Department of Defence, Defence (Finance) and Services Headquarters functioning respectively as Acquisition managers, Finance Managers and Technical Managers.

The Production Wing of the Department of Defence Production and supplies control the chain of Ordnance Factories in the country producing arms, ammunition, fighting and transport vehicles, clothing items and general stores etc., for the Armed Forces. The Ordnance Factory Board with a Chairman and 7 members controls all the Ordnance Factories. The group of Ordnance Equipment Factories is looked after by

an Officer of the rank of Additional DGOF and the Armoured vehicles Factories by another such officer under the overall control of Ordnance Factory Board. This Board has the overall responsibility of planning, policy making, monitoring and implementation of the production/programme. In addition, there are 8 Public Sector Undertaking, out of which 7 are in production and are engaged in the manufacture and repair of aircraft, naval vessels and electronic and engineering equipment. The 8<sup>th</sup> undertaking viz. Mishra Dhatu Nigam Limited (super alloys Project) has also gone into commercial production.

The Supplies Wing of the Department of Defence Production and Supplies functions through a number of Technical Committees. The Department is concerned with indigenous development and production of items hitherto imported or being introduced into the services for the first time. It also procures components and sub-assemblies to supplement the capacity of Ordnance Factories. Production of such items is established in units in Private as also in Public Sector Undertaking outside the Defence fold.

(iv) The Directorate of Planning and Coordination is entrusted with the task of assisting in preparation and implementation of perspective planning of Defence Production for the three Services. It is also to identify areas where surplus capacity exists in order to utilize it for the civil sector. In addition, it has to assist in the setting up of ancillary estates in all Defence Factories where less sophisticated operations can be offloaded to the private sector.

**(v) The Defence Exhibition Organisation & Directorate of Standardisation**

The Defence Exhibition Organisation under this Department deals with matters relating to participation of Ministry of Defence in Exhibition and Trade Fairs in India and abroad. A permanent Defence Exhibition has been set up at Pragati Maidan, New Delhi since November 1981. The Directorate of Standardisation under Department of Defence Production is responsible for Standardisation of all Defence equipments.

**(vi) Quality Assurance Organisation**

There is a Quality Assurance Organisation responsible for the drawings and specifications of all Defence stores and equipments, development of indigenous source in the civil trade and inspections of Stores relating to Army and Navy (except naval Armament) known as Directorate General of Quality Assurance. The Director General of Aeronautical Quality Assurance is responsible for inspection of the Defence Aircrafts, accessories etc. and development and establishment of indigenous sources of supply for certain categories of aeronautical stores and ground support equipment of import origin.

**(vii) Deptt. of Defence Research and Development**

Raksha Anusandhan Tatha Vikas Vibhag (Department of Defence Research and Development) renders advice to Raksha Mantri and to Organisations in the Ministry of Defence on all Scientific and Technological aspects of Military operations, logistics, weapon systems and equipments. In addition, the Department undertakes research, design and development of weapons, weapon systems, equipment, materials and stores. The Department is the nodal agency responsible for the planning and management of all Defence research and development programmes. This work is undertaken through a national network of well established Defence Laboratories specializing in a wide variety of areas and disciplines in Defence Science

and Technology. This includes work in the field of armaments, explosives, electronics, guided missiles, vehicles, aeronautics structural engineering and naval weapon systems, problems connected with food, clothing, medical physiological and fire fighting for the Armed Forces are also dealt with. The Department also sponsors defence research work in Universities and higher technological institutes in the country; and has its own training and educational institutions in Defence Science and Technology and work study. While the majority of defence research projects are inter-departmental, the Department is progressively embarking on major integrated inter-departmental defence research and development programmes involving many large and small industries in the public and private sectors. The work of Defence Laboratories is administered by the programmes are as a whole coordinated under the unified direction of the Department of Defence Research and Development.

### **Organisation and Function of the Finance Division of the Ministry of Defence**

**498.** There is a separate Finance Division of the Raksha Mantralaya (Ministry of Defence) for dealing with all Defence matters having a financial bearing. The head of this Division is the Financial Adviser now re-designated as Secretary (Defence Finance). In order to bring about a closer association between the Administrative Ministries and their Financial Advisers and to enable the latter to play a more effective and constructive role, Government had introduced in October 1975 the Scheme of Integrated Financial Adviser under which the Financial Advisers become a part and parcel of the Administrative Ministry concerned and are, therefore, more closely associated with formulation and implementation of proposals. In accordance with that policy, the scheme of Integrated Financial Adviser was introduced in the Department of Defence Supplies and Defence Production (including Research and Development Organisation and' Director General of Quality Assurance) in May 1976, The question of introducing the system in the Department of Defence had been under consideration of the Government and it was ultimately decided to introduce the Integrated Financial Advice system in the Department of Defence as well with effect from 1st August 1983 and orders to that effect were issued on 16th July, 1983. Thus there is now complete integration of the former Defence Division of the Ministry of Finance with the Defence Ministry. The designation of the Financial Adviser emphasises the Advisory as distinct from the restrictive function of treasury control and it is in this capacity that the Secretary (Defence Finance) (or his representative) is a member of the various Committees of the Raksha Mantralaya (Defence Ministry) and the Services Headquarters. The Secretary (Defence Finance) also normally attends meetings of all high level Committees dealing with Defence matters whenever proposals having a financial bearing are discussed.

With a view to ensuring greater efficiency in administration and quicker disposal of the cases, Ministry of Defence has been delegated enhanced financial powers in regard to expenditure met from the Defence Services Estimates. In matters within the delegated powers of the Ministry of Defence, Secretary (Defence Finance) or his officers are to be consulted before exercise of financial powers. In such cases, it is open to the Defence Secretary to overrule the advice of the Secretary (Defence Finance) by an order in writing, but it will also be open for the Secretary (Defence Finance) to request that the matter be placed before the Raksha Mantri. In all matters beyond the powers delegated to the Ministry, Secretary (Defence Finance) and his officers function as Associate Finance and are responsible to and have the right of access to the Ministry of Finance and to the Finance Minister through Secretary

(Expenditure). If any important change in the duties and functions of Secretary (Defence Finance) or the Defence Accounts Department is contemplated approval of the Finance Ministry is necessary.

The financial control exercised by the Secretary (Defence /Finance) and his officers is really a careful and intelligent scrutiny of all proposals involving expenditure from the Public Funds, the objective being the safeguarding of economy, efficiency and propriety in public finance. Before according financial concurrence to any proposal involving fresh expenditure, it is the duty of the Finance Officer to seek justification for the proposal. He may even challenge the necessity for spending so much money or on such a scale to secure a given object. He asks whether the proposal is really necessary; whether the same results could not be obtained otherwise with greater economy; whether the expenditure involved is justified in the circumstances; whether individual items are in furtherance of the general Government policy, whether the canons of financial propriety have been observed. In fact he asks every question that might be expected from an intelligent taxpayer bent on getting the best value for his money.

The rules provide that no expenditure which has not been provided for in the Budget or which having been provided, has not been sanctioned shall be authorised without the concurrence of the Secretary (Defence Finance) or representative. The strict observance of this rule is automatically ensured as the Controllers of Defence Accounts will not make any disbursement in respect of charges not covered by regulations or Government orders.

The according of financial concurrence by the Finance Division of the Ministry of Defence falls generally in three more or less well defined stages-

- (1) the examination of the proposal on its merits.
- (2) the assessment of the financial effect.
- (3) if the proposal is accepted, the careful examination and vetting of the final orders before issue.

Sometimes two or more of these stages are combined, but all proposals having a financial bearing inevitably follow through this process. This procedure ensures not only close and adequate control by Finance, but also enables them to give constructive suggestions and advice from the financial point of view at a fairly early stage of the consideration of a proposal.

**499.** The Secretary (Defence Finance) prepares the Budget and other estimates for the Defence Services and also furnishes the Heads of the Branches of the Armed Forces Headquarters with all information at his disposal to enable them to discharge their financial responsibilities in respect of the grants allotted to them and advises them in regard to the preparation of proposals and the disposal of financial business generally. He is also fully associated with formation and implementation of Defence Plans.

In addition to these functions, the Secretary (Defence/ Finance) is also the Chief Accounting Officer for Defence Services. It is in this capacity that he prepares the Appropriation Accounts for the Defence Services. The Secretary (Defence/Finance) is also ultimately responsible for the internal audit and accounting of Defence Expenditure, but this responsibility is discharged through the Controller

## General of Defence Accounts.

Defence Accounts Department, with the Controller General of Defence Accounts at its head, functions under the administrative control of the Secretary (Defence/Finance). The duties of the Defence Accounts Department are broadly audit\*, payment and accounting of all charges pertaining to the Armed Forces, including bills for supplies and services rendered and for construction repair works, pay and allowances, 'miscellaneous charges, pensions, etc. The Department is also responsible for the audit of cash and stores account kept by the various units and formations (including arsenals, workshops and storage depots) in the three services and maintenance of pay accounts of Army Officers and combatants of the Army. The manufacturing accounts of Ordnance factories and the Naval Dockyard and the store accounts of the Ordnance factories are also kept by the Defence Accounts Department. They also maintain Accounts relating to works services and audit the construction and other accounts relating to works project maintained by Military Engineer Services.

In addition to the duties mentioned above, the Controllers of Defence Accounts function as Local Financial Advisers to the General Officers Commanding-in-Chief of Commands, Area Commanders, and various other establishments. The Defence Accounts Department have also positioned Internal Financial Advisors at Service HQrs. to render financial advice on powers delegated to them.

The Defence Accounts Department comes under the Ministry of Defence with the Controller General of Defence Accounts as the Head of the Department. The organisation of the Defence Accounts Department corresponds broadly to the organisation of the three Services. In addition, it also caters for the Ordnance Factories, Defence Research & Development Organisation, the Canteen Store Department, the Coast Guard, the Border Roads Organisation and Inter-Service Organisations. under the Ministry of Defence.

The field organisation of the department dealing with the Army has been structured by and large on the pattern of Army Commands/Areas. The location of these Controllers' Offices is in close proximity to the Command Headquarters! Area Headquarters in order to enable them to render prompt services to the units/formations located in these areas. Under some other Controllers' offices, there are also Area Accounts Offices to render prompt services to the Sub-Areas. In addition, there are Local Audit Offices to audit the accounts of the units and formations and the Unit Accountants are attached to each Garrison Engineer. The Pay Accounts Offices (JCOs/ORs) are also under the jurisdiction of the nearest Regional Controller. In all there are 04 Regional Principal Controllers of Defence Accounts at Pune, Chandigarh, Jammu, Lucknow and 07 Regional Controllers of Defence Accounts at Patna, Guwahati, Meerut, Jabalpur, Bangalore, Chennai and Secunderabad. In addition, one Controller of Defence Accounts at Pune specifically deals with the pay and allowances of the Commissioned Officers.

The remaining Controllers' Offices are patterned to serve a particular Service or function except for Principal Controller of Defence Accounts, New Delhi which covers all the Services, Inter-Services Organisations and the Ministry of Defence. The Principal Controller of Defence Accounts covering the Navy is located at Mumbai. In



the case of the Air Force, there are one Principal Controller of Defence Accounts at Dehra Dun covering all the Commands and field areas and one Controller of Defence Accounts (Air Force) at New Delhi covering the units located in Delhi including Air Headquarters. The Defence Research & Development has expanded considerably and there are number of projects being handled by the Defence Laboratories. Accordingly, there is a Principal Controller for R&D at New Delhi to deal with all matters connected with the R&D Organisation with regional Joint Controllers of Defence Accounts at Pune, Delhi and Dehra Dun. Two other Controllers for R&D are functioning at Bangalore and Hyderabad to provide services to Laboratories/Establishment!. located in Tamil Nadu, Karnataka, Kerala and Andhra Pradesh States. There is a Controller for dealing with the Border Roads Organisation at New Delhi assisted by the regional Joint Controllers of Defence Accounts at Chandigarh and Guwahati. For the Canteen Stores Department, the Controller is located at Mumbai.

The organisation of the Ordnance Factories has 39 factories, which is managed by the Ordnance Factories Board but the entire accounting, Internal Audit and financial advice functions for these factories is looked after by the Principal Controller of Accounts (Factories) at Kolkata. He is assisted by a Controller of Accounts in the headquarters and ten Controllers are co-located wherever the major Ordnance and Clothing Factories are functioning. This complex accounts set up is a highly specialised segment of the Department dealing with the cost accounts of the Ordnance and Clothing Factories.

The pension establishment of Defence has been growing substantially. Consequently, the responsibility of the department to determine the entitlement and make prompt payments of pensions has increased. In order to handle this complex task, there is a Principal Controller of Defence Accounts located at Allahabad to deal with the sanctions of pensions in respect of the Service personnel [excluding Air Force and Navy personnel] which are sanctioned by CDA (Air Force) and CDA (Navy) respectively, Defence Civilians and the staff of the Defence Accounts Department. He is assisted by a Controller of Defence Accounts in the Main Office. In addition, there is a Controller at Meerut dealing with the disbursement of pensions through 49 Defence Pension Disbursing Officers (DPDOs) located in various States. Besides II DPDOs also function under CDA (Chennai), who are responsible for disbursement of pensions in four Southern States.

The General Provident Fund Accounts of the civilian personnel of the Army as well as the staff of the Defence Accounts Department are maintained by the Joint Controller of Defence Accounts (Funds) who functions under the administrative control of CDA (Army) Meerut. The GPF Accounts of other Defence Civilians are maintained by the concerned functional Controller such as Controller of Finance & Accounts (Fys), Controller of Defence Accounts (R&D), CD A (Navy) and CDA (Border Roads).

In addition there is a Training Division in the CGDA office, Five Regional Training Centres (RTCs) at Bangalore, Pune, Kolkata, Lucknow and Meerut, one National Institute of Management & Accounts (NIMA) at Pune, two Regional Studies Centres at Mumbai & Chennai which cater to the overall training requirements of the Department at officers and staff level.

The Principal Controller of Defence Accounts, New Delhi deals with the pay and allowances, travelling allowance claims and fund accounts of civilian staff of Ministry of Defence, the Army and Navy Headquarters and the Inter Services Organisations located at Delhi. Claims pertaining to contingent and miscellaneous charges of the above said organisations are also dealt with by this Controller. In addition, this Controller also handles all work relating to payments of foreign contracts including contracts entered into by the Department of Defence Supply, payments for purchases made by Army Purchase Organisation and the work relating to London Accounts Current .

The office of the Controller of Defence Accounts (Integrated Defence Staff) became operational w.e.f. 23-8-2004. The CDA (IDS) New Delhi is responsible for providing accounting, audit and payment services to the tri-services organisation functioning under the HQrs. IDS. The CDA (IDS) New Delhi deals with audit, payment of bills pertaining to stores, miscellaneous/contingent items and works bills in respect of organisations under HQrs IDS in and around New Delhi. The CDA (IDS) is operating as a self-accounting unit.

#### **PROCEDURE FOLLOWED IN REGARD TO THE BUDGETARY CONTROL OVER DEFENCE EXPENDITURE**

**500.** The Defence Services Budget Estimates are presented in six Demands; five on Revenue Account (one each for the Army, Navy, Air Force, Ordnance Factories and Research and Development and one on Capital Account).

The expenditure for which provision has been made in the Defence Services Budget Estimates, falls broadly into the following categories:

- (a) Pay and allowances of the personnel of the Armed Forces,
- (b) Payments to Industrial Establishment employed in Stores Depots, Factories, etc.
- (c) Transportation and miscellaneous expenditure,
- (d) Stores purchases,
- (e) Works expenditure, and
- (f) Capital Outlay such as, Capital Works, purchase of vessels, plant and machinery.

Expenditure falling under category (a) mentioned in para 2 above represents for the most part obligatory charges dependent upon the strength and composition of the Armed Forces maintained for the defence of the country. Government of India in the Raksha Mantralaya (Ministry of Defence ) decide on the policy regarding strength and composition of the Armed Forces. Hence the responsibility for implementing the decision and ensuring proper control over expenditure is vested with the Armed Forces Headquarters authorities and no distribution of provision is made to the subordinate authorities.

Expenditure falling into categories (b) to (f) mentioned in para 2 above, is, in general, susceptible to control against budget provision by the various administrative and executive authorities subordinate to the Government of India. The three important stages in exercising this control are

- (1) Initial distribution of bud get grants;
- (2) Watching expenditure against allotments; and
- (3) Re-appropriations.

#### **Initial distribution of budget grants**

The ultimate responsibility for ensuring that expenditure does not exceed the corresponding budget allotment rests on the Principle Staff Officers at the Service Headquarters, within whose control, the relative activities fall. This responsibility is usually undertaken on their behalf by the Director administrating the activities concerned. To cite an instance, the Director of Military Training is responsible, under Deputy Chief of Army Staff, for controlling expenditure on specialised training institutions and schools. It is for these officers to see that the amount provided in the defence Estimates falling under (b) to (f) of para 2 above and subject to their respective controls are allotted to commands and lower formations. The authorities at the Service Headquarters responsible for allotting the funds to lower formations keep back certain amounts as 'Reserve', to meet unforeseen requirements from the formations. The quantum of this 'Reserve' is decided by the Controlling Officer at the Service Headquarters, in consultation with the Deputy Financial Adviser concerned. The authorities at lower stages in the chain of control have the discretion to hold in Reserve a portion of the allotment placed at their disposal.

All communications of allotment from the Service Headquarters issue with the concurrence of the respective Deputy Financial Advisers and these orders are endorsed to the Controller General of Defence Accounts and Controllers of Defence Accounts. Sub-allotments by Command or formation Headquarters are also notified to the Controllers of Defence Accounts.

#### **Watching expenditure against allotments**

It is the primary responsibility of the authorities to whom allotments are made, to watch the progress of expenditure and to see that the expenditure does not exceed the allotment. . To facilitate this, the Controllers of Defence Accounts render monthly statements to the allottees showing the Serial Nos. of claims admitted in audit and the amounts debited against the allotment. In the case of Military Engineer Services, the instructions laid down in the MES Regulations are followed. The Controllers of Defence Accounts also keep a watch on the progress of expenditure against sanctioned allotments and bring to the notice of the allottees and the immediate higher authorities, cases in which the trend of expenditure in their opinion is abnormally heavy or unusually low.

This procedure enables the controlling authorities to initiate remedial measures either by regulating the trend of expenditure or by approaching higher authorities for additional allotment with full justification, if the progress of expenditure is heavy. They may also surrender such portion of the allotment as is not likely to be necessary for the rest of the year.

Authorities competent to sanction additional allotment do so either from the 'Reserve' held by them or from the surrenders reported to them. If the 'Reserve' is inadequate and no surrender is forthcoming, such additional allotment may be sanctioned in anticipation of provision of funds, only with the concurrence of the concerned Controller of Defence Accounts. Additional allotments sanctioned by the

Services Headquarters, issue with the concurrence of the Deputy Financial Adviser concerned.

### **Re-Appropriation**

The procedure of re-appropriation provides some flexibility by which savings in the budget provision under one head can be utilised to meet excess expenditure under another head, provided the heads are in the same Demand voted by the Parliament. The cardinal principle is that an authority can re-appropriate only in respect of savings arising out of the allotments placed at his disposal. The normal rules governing re-appropriation of funds in the case of Defence Estimates are indicated below:

- (1) Powers of re-appropriation between different minor heads under a major head are exercised by the Government of India.
- (2) Full powers of re-appropriation between the subheads within the minor heads under each Demand have been delegated to the Ministry of Defence.
- (3) Powers of re-appropriation are also exercised by the following lower authorities:
  - (a) Central Controlling Authorities;
  - (b) Command Headquarters;
  - (c) Independent Area Headquarters;
  - (d) Air Force Commands; and
  - (e) Independent Stations.

In the case of direct Controlling Officers of these headquarters, re-appropriations are permissible only between control heads falling under the same sub-head. In the case of Navy, powers of re-appropriation between different detailed heads falling under the same minor head are exercised by Naval Headquarters.

The powers of re-appropriation between different sub-heads falling under the same head will be confined to Principal Staff Officers except in the case of Military Engineer Services, which are governed by the instructions laid down in M.E.S. Regulations and such other instructions as may be issued by Government from time to time.

All re-appropriations are formally sanctioned and copies endorsed to the accounts authorities. Re-appropriations are sanctioned by the Principal Staff Officers and the Raksha Mantralaya (Ministry of Defence) in consultation with the Internal Financial Advisers.

No re-appropriation is permissible between funds allotted for charged items of expenditure in terms of Article 112(3) of the Constitution and voted items of expenditure.

Re-appropriations are permissible only between expenditure heads. Thus, excess receipts and recoveries which are required to be accounted for as such, cannot be utilised to meet expenditure in excess of Sanctioned Grant.

The sanction of Government of India is required to any re-appropriation which affects the following:

- (i) Savings due to non-expenditure of amount provided for a specific measure.

(ii) An error in estimates.

Note.-No formal re-appropriation is sanctioned for transferring funds under the same control head between Commands, Areas, Sub-Areas, Institutions, Depots, etc. Such transfers are effected by first withdrawing savings surrendered by one Command, etc. and then re-allotting as required.

### **Periodical Estimates and Reviews**

The Raksha Mantralaya (Ministry of Defence) and the Services Headquarters review the trend in expenditure and assess future requirements at periodical intervals. For this purpose, the lower formations furnish estimates in respect of locally controlled heads so as to reach the respective branches at the Service Headquarters by the dates prescribed for the purpose, through the Controllers of Defence Accounts concerned except in the case of MES formation, Ordnance & Clothing Factories and R&D Organisation who furnish the estimates direct to Headquarters.

In addition, periodical reviews are conducted by the Raksha Mantralaya (Ministry of Defence) to ensure prompt and effective utilisation of the provisions made. Likely achievements of targets are examined and procedural and practical difficulties thrown up during the discussions are also tackled during these reviews.

The fundamental rule on which the whole system of budgetary control may be said to rest is that no item of public expenditure, may be incurred unless provisions exists to meet it in the sanctioned budget estimates of the year concerned. This rule applies to the nature of expenditure as well as the amount; in other words, the provision in the budget must have been made, for the purpose of meeting the particular kind of expenditure involved. Certain authorities are vested with limited powers of "re-appropriation" i.e. transfer of funds from one budget head to another-as explained in paragraph 10 but with this exception, the rule referred to above is absolute. It follows that each individual officer to whom any portion of a grant provided in the budget to meet a specified class of expenditure is allotted, is responsible for seeing that the allotment is utilised solely for that class of expenditure and is not overspent.

### **Service Headquarters**

**501.** The three Services Headquarters, viz., the Army Headquarters, Naval Headquarters and the Air Headquarters function under the Chief of the Army Staff (COAS), the Chief of the Naval Staff (CNS) and the Chief of the Air Staff (CAS), respectively, who are in effective command of their Services. They are assisted in the day-to-day functions by their Principal Staff Officers (PSOs), in their respective Headquarters.

### **Army**

#### **502. (i) Organisational Set up**

(a) The Army is composed of those who have undertaken a definite liability for Military Services, viz., combatant troops, administrative services/departments and enrolled non-combatants.

The Army comprises

1. the regular Army

2. the Army Reserve and
3. the Territorial Army
4. Short Service Commission (Army)

(b) The Army is organised in commands comprising areas and independent areas as laid down from time to time by the Central Government. Areas are divided into sub-areas as laid down by Central Government. The boundaries of each command area and sub-area correspond as far as possible with those of civil administration. The Chief of Army staff is responsible to the President through the Central Government for the command, discipline, recruitment, training, organisation, administration and preparation for war of the Army.

The Order of procedure and the corresponding ranks of Commissioned officers of the Army, Indian Navy and Indian Air Force are shown below. The Officers of three forces of same or equivalent rank will rank with one another according to seniority or date of appointment.

| ARMY               | NAVY                 | AIR FORCE                |
|--------------------|----------------------|--------------------------|
| Field Marshal      | Admiral of the Fleet | Marshal of the Air Force |
| General            | Admiral              | Air Chief Marshal        |
| Lieutenant General | Vice Admiral         | Air marshal              |
| Major General      | Rear Admiral         | Air Vice Marshal         |
| Brigadier          | Commodore            | Air Commodore            |
| Colonel            | Captain              | Group Captain            |
| Lt. Col.           | Commander            | Wing Commander           |
| Major              | Lt. Commander        | Squadron Leader          |
| Captain            | Lieutenant           | Flight Lieutenant        |
| Lieutenant         | Sub Lieutenant       | Flying Officer           |

## (ii) Army Headquarters

Army Headquarters comprises the Chief of Army Staff and his Secretariat, and all branches of his staff administered by the Vice Chief of the Army Staff, the Deputy Chief of the Army Staff and a number of branches as indicated in the organisational chart. The tasks/duties assigned to various branches at Army Headquarters is as under:

- (a) General Staff Branch:- Is responsible for military policy, organisation and distribution of the Army (including the Territorial Army), operations, intelligence, staff duties, military training (including training publications), education, war regulations, weapons and equipment, operational research, armoured corps, artillery, signals, infantry, mechanised infantry, defence security, military survey, financial planning and management information systems.
- (b) Adjutant General's Branch:-
  - (i) The Adjutant General is PSO to the CDAS on all 'A' matters in the army.
  - (ii) Responsible for overall manpower planning including issue of

implementation directives for raising and reorganization of headquarters formations and units in consultation with the General Staff.

- (iii) Mobilisation and demobilization of the Regular Army, the Territorial Army and the Regular Army Reserve.
  - (iv) Recruitment and selection of personnel for the Army.
  - (v) Formulation, finalization and periodical review of terms and conditions of service, including pay and allowances and pensionary/terminal benefits and leave for all ranks of the Army.
  - (vi) Discipline and vigilance in the Army.
  - (vii) Ceremonial and welfare aspects.
  - (viii) Maintenance of morale in the Army and remedial measures whenever required.
  - (ix) Honors and awards including institution of new awards-gallantry and non-gallantry.
  - (x) Laying down policy regarding records, documentation and control of record offices.
  - (xi) Maintenance of records of non-medical officers and custody and disposal of estates of deceased officers.
  - (xii) Policy on management and control of regimental funds.
  - (xiii) Claims for compensation on account of traffic accidents, loss of private property and so on due to wrongful acts of troops.
  - (xiv) Publication and distribution of Army Orders.
  - (xv) Maintenance of good health of all ranks of the Army through the DGMS (Army)
  - (xvi) All policy matters pertaining to the civilian employees in the Army, including recruitment, service conditions, pay and allowances, pensions/terminal benefits, postings and promotions, industrial relations and Joint Consultative Machinery (JCM) matters.
  - (xvii) General efficiency and morale of the Corps of Military Police personnel, units and establishments.
  - (xviii) Resettlement training of Gorkha personnel.
  - (xix) Responsible for all legal matters concerning Army through the Judge Advocate General.
  - (xx) He is ex-officio Chairman on Army Group Insurance and Army Welfare Housing Organisation.
- (c) Quartermaster General's Branch:- Is responsible for supply and transport, food inspection, canteen services, movement and quartering, remounts, and veterinary services, military farms, postal services, pioneer corps and administration and control of establishments connected with the above duties.
- (d) Master General of the Ordnance Branch:- Is responsible for
1. formulation of policy in consultation with General Staff, and implementation of policy, regarding scales and types of all items of ordnance supply, for their provision, procurement, storage, upkeep

- and issue, salvage and disposal;
  - 2. recovery, maintenance and repair of all ordnance equipment; and
  - 3. supervision and administration of the AOC and the EME
- (e) Military Secretary's Branch:- Is mainly responsible for the administration of officer cadre. It is also responsible for the grant of all types of commissions, postings, transfers, promotions, retirement of officers and honorary ranks. It handles all confidential reports, maintains the personal records of officers and provides secretariat for selection boards which judge the fitness of officers to hold higher ranks. It also deals with all gallantry and distinguished service awards.

**(iii) The Engineer-in-Chief**

- (a) The Engineer-in-Chief is the head of the Corps of Engineers and of the Military Engineer Services. He is the Head of Engineer-in Chief's Branch at Army Headquarters.
- (b) He is the technical adviser on all engineer matters to the Chief of the Army Staff and the PSOs. He takes the orders of the Central Government and the Chief of the Army Staff through:
  - 1. The VCOAS on the siting and constructions of fortifications and defence of strategic roads and railways.
  - 2. The QMG on the policy, finance and execution of all engineer works and services, relating to the Army.
- (c) He is the technical adviser to the Ministry of Defence on all works and engineer services relating to ordnance factories and such projects as are directly controlled by the Ministry of Defence and takes the orders of the Central Government through the Ministry on these matters.
- (d) He is the technical adviser to the Chief of the Naval Staff on all works and engineer services relating to the Indian Navy and takes the orders of the Central Government and the Chief of the Naval Staff on these matters, through the Vice Chief of the Naval Staff.
- (e) He is the technical adviser to the Chief of the Air Staff on all works and engineer services relating to the Indian Air Force and takes the orders of the Central Government and the Chief of the Air Staff on these matters through the Air Officer in - Charge Administration.
- (f)
  - 1. The Engineer-in-Chief is responsible for the technical training of all engineer units and personnel (except Survey) through Chief Engineers in commands. He advises the General Staff on the engineer aspects of GS policy operational planning and intelligence and on the organisation, training, allocation and employment of engineer units (except Survey) and on the provision and allocation of engineer resources.
  - 2. He advises the QMG on planning, intelligence organisation, operation and development of transportation agencies, railways, ports and inland water transports and is responsible for liaison with the Railway Board and Ministry of Transport on matters connected with transportation.
  - 3. He is responsible to the Vice Chief of Army Staff and the Quartermaster General for the procurement, holding and distribution of



Engineer Stores (including transportation of stores) of engineer supply.

4. He advises the Master General of Ordnance on the research, design and development of engineer equipment of ordnance origin, demolition explosives, mines and mine detection equipment.
  5. As head of the Military Engineer Service, an organised engineering service, he is responsible to the Ministry of Defence for the Administration and personnel management of all civilian personnel for the Military Engineering Service. This includes terms and conditions of service, postings, promotions, discipline and cadre review.
  6. He is responsible to see that constant study of engineering practice and research with a view to their application to the special needs of the corps of Engineers and the Military Engineer Services is carried out.
- (g) He is responsible for liaison with other Ministers of the Central Governments and with civil engineer professional bodies on engineering subjects.

### **503. Structural Organisation**

The Army is composed of those who have undertaken a definite liability for Military Services, viz., combatant troops, administrative services/departments and enrolled non-combatants.

1. **Establishments.-** Establishments for peace and war are laid down in “Peace Establishments” and “War Establishments”, respectively, which are issued periodically in the authority of central Government. In addition, units which are raised for a definite purpose will be special (temporary/interim) establishment.
2. **Distribution.-** The distribution of the Army is shown in the “List of Units”.
3. **Control.-** (a) The supreme command of the Armed Forces (of which the Army is a component) is vested in the President of India.  
(b) The Chief of the Army Staff is responsible to the president through the Central Government for the command, discipline, recruitment, training, organisation, administration and preparation for war of the Army.
4. **Army Headquarters.-** (a) Army Headquarters comprises the Chief of the Army Staff and his Secretariat, and all Branches of his staff, the Adjutant General, the Quartermaster General, the Master General of Ordnance, the Military Secretary and Engineer-in-Chief.  
(b) The Staff at Army Headquarters is divided into the General Staff Branch, the Adjutant General’s Branch, the Master General of the Ordnance Branch, the Military Secretary’s Branch and the Engineer-in-Chief’s Branch. The Engineer-in-Chief is not a Staff Officer but is technical adviser to the Ministry of Defence and the three services on all works and engineer matters.

**(iv) Commands, Areas and Sub-Areas-**(a) The Army is organized in commands comprising areas and independent sub areas as laid down from time to time by the Central Government. Areas are divided into sub-areas as laid down from time to time by the Central Government. The boundaries of each command, area and sub area correspond, as far as possible, with those of the civil administration.

(b) The staff in subordinate formation is divided into the general Staff, the Adjutant General's Staff and Quartermaster General's Staff. At Command Headquarters there is also a Military Secretary's Branch of the Staff.

**(v) Advisers and Officers of Services and Department:-** In addition to the staff there are at Army Headquarters and the Headquarters of subordinate formations officers who are either advisers or officers of services and departments. In the General Staff Branch, Adjutant General's Quartermaster General's and Master General of the Ordnance Branches these officers are either advisers to the head of the branch for the various arms of the service or representatives of the administrative services and departments.

**(vi) Commanders:-** (a) The higher Commanders of the Army are grouped in the following classes:-

- (1) General Officer Commanding in-Chief, Command.
- (2) Corps Commander
- (3) Divisional/Area/Independent Brigade Group/Independent Sub Area Commander.
- (5) Birgade/Sub-Area Commander.

(b) The powers assigned to the above Commanders may be exercised by officers acting for them.

(c) A divisional or brigade commander, in addition to commanding those troops which are allotted to his division or brigade, will command such other field units, except non-divisional artillery, as may be placed under his orders by the GOC-in-C.

(d) Where units of a division or brigade are quartered at a station other than, but in the same command as, their divisional or brigade headquarters, they will be under their divisional or brigade commander for all purposes, except that for purposes of discipline and interior economy where these affect the station, they will be under the OC the station. Where units of a division or brigade are quartered in a command other than that in which their division or brigade is situated, they will be for all purposes, except training, under the GOC-in-C in whose command they are located. For training they will at all times be under the division or brigade to which they belong.

**(vii) Commanding Officer:-** Except where otherwise expressly provided in these Regulation, the Commanding Officer of a person subject to the Army Act is either:

- (a) the officer who has been appointed by higher authority to be a commanding officer while able effectively to exercise his power as such, or
- (b) Where no appointment has been made, the officer who is, for the time being, in immediate command of-
  - (i) the unit to which the person belongs or is attached to, or
  - (ii) any detachment or a distinct sizeable separate portion of a unit with which the person is for the time being serving,

and in respect of which it is the duty of such officer, under these Regulations or by the custom of the service, to discharge the functions of a Commanding Officer.

## **504. Duties of Commanders, Staff, Adviser, Directors and Regimental Officers**

1. **General Officer Commanding-in-Chief:-** The General Officer Commanding-in-Chief is responsible for:

- (i) the command, discipline, administration, training and efficiency of the troops located in his command;
- (ii) keeping up-to-date the scheme of mobilization for all troops stationed in or mobilizing within his command and all other arrangements for such mobilization;
- (iii) the condition of all defence works and preparation of defence schemes;
- (iv) internal security and the safe custody of all army installation in the area of his command;
- (v) ensuring that all ranks are acquainted with their duties on mobilization and in connection with the defence schemes and that those concerned have such access to the schemes for mobilization and defence as is necessary for the proper performance of their duties and
- (vi) completion of units to scale of equipment and vehicles less category 'A' Establishments. In so far as TD establishments are concerned, completion of units to scale of equipment and vehicles is the responsibility of Army HQ.

(b) He is also responsible for the discipline, operation and local administration of all Category 'A' Establishments and supervision of all training in addition to discipline and administration of Category 'B' Establishments located in his command. He is responsible for local administration and discipline only, of TD establishments located in command.

(c) He will prevent interference with or trespass on private property by the troops in his command and will maintain friendly intercourse with civil authorities.

(d) He is responsible for ensuring that special authorities for appointment of individuals and for rates or scales in cash or kind, whether granted locally or by Army Headquarters are not allowed to remain in force after the circumstances which gave rise to them have so far changed as to render revision necessary. Such revision can usually be secured by arranging that every author given is brought forward at suitable intervals for reconsideration.

2. **Corps Commander:-** The corps commander is responsible for:

- (a) the command, discipline, administration, training and efficiency of the troops allotted to his corps;
- (b) keeping up-to-date the scheme of mobilization for all troops under his command and arrangements for such mobilization;
- (c) the condition of all defence works and preparation of defence schemes in the corps zone;
- (d) internal security and safe custody of those installations which are directly under his command and within his corps zone;
- (e) ensuring that all ranks are acquainted with their duties on mobilization and in connection with the defence scheme and that those concerned have such access to the schemes for mobilization and defence as is necessary for the

proper performance of their duties; and

- (f) preventing interference with or trespassing private property by the troops under his command and maintaining friendly intercourse with civil authorities.

**3. Divisional Commander:-** (a) The divisional commander is responsible for the command, discipline, administration training and efficiency of the troops of his division. In addition he will command such other troops as may be placed under his orders. He has also under his orders, for the purposes of discipline and interior economy only, the officers and men of services stationed where divisional headquarters are located. On all subjects connected with their technical duties these officers will correspond direct with the heads of services of the command. Divisional commander will thus be able to devote his attention to the training of troops for war.

(b) He is responsible for ensuring that deficiencies in mobilization equipment held by units under his command are brought to notice and that the mobilization schemes of such units are kept up-to-date.

**4. Deputy General Officer Commanding (Division):-** (a) The Deputy GOC will assist the Div Commander in discharging his duties towards operational, administrative and other essential aspect of command.

(b) He will be Chief of all staff and initiate/endorse ACRs (as applicable) of all staff officers at Divisional HQ.

(c) He will undertake special assignments-operational, training and administrative as and when assigned by the Divisional Commander.

(d) He will deputise for the Divisional Commander while the latter is away from the Headquarters. The officiating Command, where applicable, will devolve on the senior most Brigadier in the formation.

(e) He will be responsible for sports and welfare activities in the Division and supervise the functioning of Division/Station Mess, Canteen, Cinema, School and other institute being run by the Division.

(f) He will exercise financial powers on behalf of the Divisional Commanders, as authorised to him by the Divisional Commanders, under rule 65 of the Financial Regulations Part I.

(g) He will be OC of the Divisional Headquarters.

(h) He will be Station Commander, wherever tenable by officer of this rank.

(j) He will not be an additional link in the chain of Command in so far as the brigades and the Units of the Brigades are concerned.

**5. Independent Brigade Commander:-** The duties of an independent brigade commander are analogous to those of a divisional commander.

**6. Area Commander:-** (a) An area commander is responsible for:-

(i) command, discipline, administration and training of all static headquarters, units and installations placed under his command and of all training centres and depots located in his area except those by a Lt. Gen of equivalent;

(ii) discipline and local administration of all category 'A' establishment and technical development establishments located in his area except those commanded by a Lt. Gen or equivalent;

- (iii) ensuring that any deficiency in personnel, equipment, clothing and accessories held at training centres or depots for mobilization purposes is brought to this notice and made up expeditiously;
- (iv) carrying out any operational task or exercising operational command and control on any field formation placed under his command.
- (v) carrying out any tasks specifically assigned to him by higher headquarters from time to time;
- (vi) providing local administration to field formations and units within the jurisdiction of his area;
- (vii) raising new units as given in the mobilisation plan pertaining to his area;
- (viii) providing logistic, operational and other assistance to field formations passing through his area of responsibility during mobilization;
- (ix) security of all logistic installations placed under his command for local administration;
- (x) prevention of interference with or trespass on private property by troops under his command;
- (xi) taking preventive measures to check encroachment over defence land and property and maintaining interaction with civil authorities;
- (xii) maintenance of correct image of the Armed Forces within his jurisdiction and prudently dealing with State Govt.(s) the Press and other media and agencies;
- (xiii) dealing with State Govt.(s) on all matters concerning the Army, the serving personnel and ex-servicemen;
- (xiv) ensuring proper functioning of all institutions including hospitals, Army Public Schools and Kendriya Vidyalayas, directly or through subordinate formation commander;
- (xv) ensuring that all works are sanctioned as per procedure and from within the funds allocated and having plans for construction of OTM and other accommodation for future expansion under his jurisdiction; and
- (xvi) effective rationalization of second and third line transport placed under him as per overall command plans.

(b) He is responsible for all actions of communication zone.

(c) He is responsible for maintaining close liaison with civil authorities of the respective States and coordinating aid to civil authority within his area.

(d) In the event of war he is also responsible for requisition or impressments of civil transport, if required. He will conduct periodic exercises in peace time to ensure smooth requisition and de-requisition of civil transport.

**7. Deputy General Officer Commanding (Area) :-** The Deputy GOC will assist the Area Commander in discharging his duties towards the command, discipline, administration and training of all training centres, depots located in his area or any other unit(s) which may be located in his command and other essential aspects of command. He will assist the Area Commander in carrying out his responsibility for ensuring that any deficiency in personnel, eqpt, clothing and accessories held at training centres/depots for mobilization purposes are brought to notice, the mobilization schemes of training centres/depots are kept up-to-date, all

internal/security arrangements are complete and all army installations in his area are in safe custody.

(b) He will be Chief of all staff and initiate/endorse ACRs (as applicable) of all staff officers at Area HQ.

(c) He will undertake special assignments- mobilisation plans, training and administrative as and when assigned by the Area Commander.

(d) He will deputise for the Area Commander while the latter is away from the Headquarters.

(e) He will be responsible for sports and welfare activities in the Area and supervise the functioning of Area/Station Mess, Canteen, Cinema, School and other institutes being run by the Area.

(f) He will exercise financial powers on behalf of the Area Commander, as authorised to him by the Area Commander under Rule 65 of the Financial Regulations Part. I.

(g) He will be OC of the Area Headquarters

(h) He will be Station Commander, wherever tenable by officer of this rank.

8. Independent Sub Area Commander:- The duties of an independent sub area commander are analogous to those of an area commander.

9. **Brigade Commander:-** (a) The duties of a brigade commander are analogous to those of a divisional commander. His relations with officers and men of the services stationed where brigade Headquarters are located are as described in para 13.

The commander of a war brigade, units of which are located in the area of another commander, has authority to visit such units in order to acquaint himself with their progress and state of efficiency.

(b) The brigade commander is responsible for the training of all units of his brigade and also the training, other than technical training, of Arty, Engr, Sig and EME units affiliated to his brigade, wherever located.

(c) Where units are located in stations other than that at which brigade Headquarters is located, the brigade commander will deal with the station commander on matters connected with internal security or of purely local importance. In all other matters he will deal with units direct.

10. **Deputy Brigade Commander:-** (a) The Deputy Commander will assist the Brigade Commander in discharging his duties towards operational, administrative and other essential aspects of command.

(b) He will be Chief of all staff and initiate ACRs (as applicable) of all staff officers of Brigade Headquarters.

(c) He will assist the Commander in planning, coordinating and conduct of training in the Brigade. He will undertake special assignments-operational, training and administrative-as and when assigned by the Brigade Commander.

(d) He will officiate as the Brigade Commander when the permanent incumbent is away from the Headquarters.

(e) He will act as the Chairman/President of the Brigade Mess Committee, Canteen, Cinema, School and any other institutes being run by the Brigade.

(f) He will exercise financial powers on behalf of the Brigade Commander as

authorised to him by the Brigade Commander under Rule 65 of Financial Regulations Part I.

(g) He will act as Officer Commanding for all officers forming part of brigade Headquarters and exercise disciplinary powers over them.

(h) In case of Artillery Brigade, he will also act as Divisional Deployment Officer and act as Officer-in-Charge Fire Direction Centre.

(i) He will not be in the ACR channel of COs of Regiments/Infantry Battalions of the Brigade.

11. **Brigade Area Commander:-** The duties of a Brigade area commander will be the same as the combined duties of brigade and sub area commander.

12. **Sub Area Commander:-** The duties of a sub area commander are analogous to those of an area commander.

13. **Station Commander:-** An OC station is responsible for:-

- (a) (i) the command, local discipline and training of all troops in the station subject to the limitation laid down in para 19;
- (ii) measures necessary for ensuring the security of the station including the safe custody of all army installations and in the event of any disturbance, for taking, in consultation with the local authorities, whatever action he considers necessary to deal with the situation;
- (iii) the administration including classification and allotment of residential accommodation to officers and housing of troops in the station.
- (iv) measures necessary for the maintenance of health of those in the station;
- (v) the co-ordination of such staff work as may arise between units and detachments in the station;
- (vi) the collection and distribution of correspondence addressed to the units in the station;

(c) The following items of work will be disposed of at the levels of Secretary, Additional Secretary and Joint Secretary in the Departments of the Ministry of Defence.

## ANNEXURE-A

### MATTERS DEALT WITH BY THE DEPARTMENTS OF THE MINISTRY OF DEFENCE

#### A. DEPARTMENT OF DEFENCE

1. Department of Defence of India and every part thereof including preparation for defence and all such acts as may be conducive in times of war to its prosecution, promulgation and, after its termination, to effective demobilisation.
2. The Armed Forces of the Union, namely, the Army, the Navy, the Air Force.
3. The Reserves of the Army, Navy' and Air Force.
4. Territorial Army.
5. The National Cadet Corps.
6. Works relating to Army, Navy, Air Force and Ordnance Factories.
7. Remounts, Veterinary and Farms Organisation
8. Canteen Stores Department (India).
9. Civilian Services paid from Defence Estimates.
10. Hydrographic Surveys and preparation of navigational charts.
11. Formation of Cantonments, delimitation/excision of Cantonment areas, local self government in such areas, the constitution and powers within such areas of Cantonment Boards authorities and the regulation of house accommodation (including the control of rents) in such areas.
12. Acquisition, requisitioning, custody and relinquishment of land and property for defence purposes. Eviction of unauthorized occupants from defence land and property.
13. Matters relating to ex-Servicemen including Pensioners.
14. Defence Accounts Department
15. Purchase of foodstuffs for military requirements and their disposal excluding those entrusted to Ministry of Food and Civil Supplies (Department of Food).
16. Coast Guard Organisation.
17. Matters relating to diving and related activities in the country.
18. The following inter-Service Organisations function under the Ministry of Defence:-
  - (i) Military Engineer Services
  - (ii) Armed Forces Medical Services.
  - (iii) Directorate General of Defence Estates.
  - (iv) Office of the Chief Administrative Officer.
  - (v) Directorate of Public Relations.
  - (vi) Army Purchase Organisation
  - (vii) Directorate General of Defence Planning Staff
  - (viii) Services Sports Control Board.
  - (ix) Armed Forces Films and Photo Division



- (x) School of Foreign Languages
- (xi) History Division
- (xii) National Defence College.
- (xiii) College of Defence Management.
- (xiv) Defence Services Staff College.
- (xv) Ministry of Defence Library.

#### **B. Department of Defence Production & Supplies**

- 19. Ordnance Factory Board and Ordnance Factories.
- 20. Hindustan Aeronautics Limited (HAL).
- 21. Bharat Electronics Limited (BEL)
- 22. Mazagon Docks Limited MD L.
- 23. Garden Reach Shipbuilders & Engineers Limited (GRSE).
- 24. Goa Shipyard Limited (GSL)
- 25. Bharat Dynamics Limited (BDL)
- 26. Mishra Dhatu Nigam Limited (MIDHANI)
- 27. Directorate General of Quality Assurance (DGQA) including Directorate of Technical Development & Production (Air).
- 28. Standardisation of defence equipments and stores including Directorate of Standardisation.
- 29. Bharat Earth Movers Limited (BEML)
- 30. Development of aeronautics industry and Co-ordination among users other than those concerned with the department of Civil Aviation and the Department of Space.
- 31. Indigenisation, development and production of items required for defence purposes.
- 32. Procurement exclusive to the Defence services.

#### **C. Department of Defence Research & Development**

- 33. Apprising, assessing and advising Raksha Mantri on the influence on National Security of Emerging developments in Sciences and Technology.
- 34. Rendering advice to Raksha Mantri and to the three services and inter-Services Organisations on all scientific aspects of weapons; weapon platforms; military operations; surveillance; support and logistics, in all likely theatres of conflict.
- 35. To function, with the concurrence of the Ministry of External Affairs, as the nodal coordinating agency of the Ministry of Defence on all matters relating to instruments of Accord with foreign Governments relating to the acquisition of technologies whose export to India is the subject of national security related controls of foreign Government.
- 36. Formulation and execution of programmes of scientific research and design, development, test and evaluation, in fields of relevance to national security.
- 37. Direction and administration agencies, laboratories, establishments, ranges, facilities; programmes and projects of the department.
- 38. Aeronautical Development Agency

39. All matters relating to certification of the design, air worthiness of military aircraft, their equipment and stores.
40. All matters relating to the protection and transfer of technology generated by the activities of the Department.
41. Scientific analysis, support and participation in acquisition and evaluation proceedings of weapon systems and related technologies proposed to be acquired by the Ministry of Defence.
42. To render advice on the technological and intellectual property aspects of the import of technology by production units and enterprises, manufacturing or proposing manufacture equipment and stores for the Armed Services.
43. To deal with references made under section 35 of the Patents Act, 1970(39 of 1970).
44. Financial & other material assistance to individuals, institutions and bodies corporate, for study & for training of manpower on aspects of science & technology that bear on national security.
45. In consultation with the Ministry of External Affairs, on international relations in matters connected with the role of Science and Technology in national security including:
  - (i) Matters relating to relations with Research Organisations of other countries and with Inter-Governmental agencies, particularly those which concern themselves, inter alia, with the scientific and technological aspects of national security.
  - (ii) Arrangement with universities, educational and research oriented institutions or bodies corporate abroad to provide for foreign scholarships and the training of Indian scientists and technologists under the administrative control of the Department,.
46. Execution of works and purchase of lands debitable to the budget of the Department.
47. All matters relating to personnel under the Control of the Department
48. Acquisition of all types of stores, equipment and services debitable to the budget of the Department.
49. Any other activity assigned to, accepted by, the Department through understanding or arrangements with any other Ministry, Departments Agency of the Govt. of India whose activities have been scientific and technological aspects of security.

**D. Defence (Finance) Division**

1. To examine all Defence matters financial bearing.
2. To render financial advice to the functionaries of Ministry of Defence and Service Headquarters.
3. To act as integrated finance Division of Ministry of Defence.
4. To assist in the formulation and implantation of all Scheme/proposals involving expenditure.
5. To assist in the formulation and implementation of Defence Plans.
6. To prepare Defence budget and other estimates for the Defence Services and to monitor the progress of the Schemes against the budget.

7. To exercise post-budget vigilance to ensure that there are neither considerable short falls in expenditure nor unforeseen excesses.
8. To advice head, of branches of the Armed Forces Headquarters in the discharge of their financial responsibility.
9. To function as, the accounting authority for Defence Services.
10. To prepare the Appropriation Accounts for the Defence Services.
11. To discharge the responsibility for payments and internal audit of Defence expenditure through the Controller General Defence Accounts.

## **ANNEXURE-B**

### **DEFENCE PROCUREMENT PROCEDURE 2002 ( 'BUY' AND 'BUY AND MAKE THROUGH IMPORTED TOT' DECISIONS) (VERSION JUN 03)**

#### **General**

1. As part of the implementation of the report of the Group of Ministers on reforming the National Security System, new defence procurement management structures and systems were set up in the Ministry of Defence (MOD) vide MDD order No 17179/2001-Def Secy/IC/2001 dated 11 October 2001 and No SA/01/104/2001 dated 10 September 2001. In order to implement the provisions laid out in the new defence procurement management structures and systems, the procedure for Defence Procurement laid down vide MOD ID No 1(1)/91/PO (Def) dated 28 Feb 1992 was revised. The Defence Procurement Procedure 2002 (DPP-2002) came into effect from 30 Dec 2002 and was applicable for procurements flowing out of 'Buy' decision of Defence Acquisition Council. The scope of the same has been enlarged to include procurements flowing out of 'Buy and Make through Imported TOT' decision as well. The revised procedure to be called as the Defence Procurement Procedure 2002 (Version Jun 03) is set out in the succeeding paragraphs.

#### **Aim**

2. The primary objective of this procedure is to ensure expeditious procurement of the approved requirements of the Armed Forces in terms of capabilities sought and time frame prescribed by optimally utilising the allocated budgetary resources. While achieving the same, it will demonstrate the highest degree of probity and public accountability, transparency in operations, free competition and impartiality. In addition, the goal of achieving self-reliance in defence equipment will be kept in mind.

#### **Scope**

3. The Defence Procurement Procedure 2002 (Version Jun 03) or DPP-2002 (Version Jun 03) will cover all capital acquisitions and Revenue purchases undertaken by the MOD/Departments/ Defence Services both from indigenous sources and ex-import.

#### **CAPITAL ACQUISITIONS**

4. The procedure for Capital Acquisitions has been structured as under: -

- (a) Acquisitions covered under the 'Buy' decision.
- (b) Acquisitions covered under the 'Buy & Make' decision.
- (c) Acquisitions covered under the 'Make' decision.

5. This document is however restricted to the procedure for Capital Acquisitions flowing out of the 'Buy' or 'Buy and Make with Imported Transfer of Technology (TOT)' decision only, except procedure for shipbuilding, which will be covered separately.

### **Linkage to Acquisition Plans**

6. Proposals for acquisition of capital assets generally flow out from the Defence Procurement planning process. This planning process will cover the long-term, medium-term and short-term perspectives as under: -

- (a) 15 year Long Term Perspective Plan (LTPP).
- (b) 5 year Services Capital Acquisition Plan (SCAP).
- (c) Annual Acquisition Plan (AAP).

7. Since the planning activities are applicable to acquisition cases involving an outlay of Rs. 20 crores and above (with the year 2002 being the base year), the procedure now laid down would be applicable to items costing Rs. 20 crores and above.

8. The planning process would be under the overall guidance of the Defence Acquisition Council, its decisions as approved by the RM will flow down for implementation to the Defence Procurement Board (DPB).

### **Annual Acquisition Plan (AAP)**

9. The Defence Procurement Board (DPB) will arrive at the annual requirement of funds taking into account the acceptance of necessity by various entities of MOD for the year ahead, carry overs, operational exigencies and proposed changes in priorities recommended by the SHQ by 30 September of each year. The details of these requirements will be provided to Defence (Finance) for consideration while finalising the budgetary projections and allocations. The AAP will be formulated by the respective SHQ and approved by the DPB by 15 Apr of the relevant Financial Year. The AAP should be based on a two year acquisition cycle and cater for adequate cushion to safeguard against surrender of funds.

10. The DPB may also carry out amendments in the Annual Acquisition Plan, if considered necessary, on account of national security objectives, operational urgencies, budgetary provisions or any other exigency based on recommendations made by SHQ/IDS/Department of Defence/Defence(Finance). The Acquisition Wing will process all acquisition proposals incorporated in the 'Annual Acquisition Plan' under the overall guidance of the DPB.

## **ACQUISITIONS COVERED UNDER THE 'BUY' DECISION**

### **General**

11. Once a 'Buy' or 'Buy and Make with Imported TOT' decision has been taken by the DAC, the acquisition process will involve a series of functions. These are as follows: -

- (a) Services Qualitative Requirements (SQRs).
- (b) Acceptance of Necessity.
- (c) Solicitation of offers.
- (d) Evaluation of Technical offers by Technical Evaluation Committee (TEC).

- (e) Field Evaluation.
- (f) Staff Evaluation.
- (g) Oversight by Technical Oversight Committee (TOC).
- (h) Commercial negotiations by Contract Negotiation Committee (CNC).
- (j) Oversight by Eminent persons Group.
- (k) Award of contract/Supply Order (SO).
- (l) Contract administration and post-contract management.

### **Services Qualitative Requirements (SQRs)**

12. All Capital Acquisitions shall be based on Services Qualitative Requirements (SQRs). The SQRs should lay down the users requirements in a comprehensive, structured and concrete manner. It should, however, be ensured that the SQRs are broad based yet realistic and cover all aspects of the system desired. The SQRs must express the users requirements in terms of functional characteristics and its formulation must not prejudice the technical choices by being narrow and focused.

13. The SQRs will be drafted by the user directorate at SHQ and circulated to all concerned for obtaining their views/ comments including other possible user directorates, maintenance directorate, DRDO, DDP&S, DGQA/DGAQA, Directorate of Standardisation etc. These agencies will also be represented on the Staff Equipment Policy Committee for approving the SQR. Records in respect of QRs will be maintained by the User Service(s). The QRs shall be prescribed in clear-cut terms and in full detail. Wherever any standard specifications of foreign governments etc. are found acceptable, the precise specification number and all related details in respect thereof should be mentioned. SHQ may issue `Requests For Information (RFIs) in order to formulate realistic SQRs.

14. The performance parameters given in the SQR should be verifiable and classified as under: -

**(a) Essential.**

It is the minimum essential military requirements, corresponding to the priority task or tasks to be performed by the system. Accordingly the `essential' classification to a requirement must result from an in- depth critical analysis of the necessity of requirement.

**(b) Desirable.**

All parameters other than essential will be classified as `desirable'. This classification should be assigned to military requirements corresponding to tasks that the system is intended to fulfill in an occasional way. The non-production of a requirement classified as `desirable' is not in itself sufficient to bring into question the continuation of the procurement case.

15. **Waiver of SQR Parameters** . Waiver/amendment of essential parameters of SQR can be done by SHQ concerned before issue of Request For Proposal (RFP). Any subsequent waiver/amendment will require approval of Raksha Mantri on

recommendations of DPB. Waiver/ amendment of desirable parameters can be done by the competent authorities in the SHQ.

### **Acceptance of Necessity**

16. The SHQ will submit a Statement of Case justifying the full scope of acquisition. The following aspects will be examined for approving the 'Acceptance of Necessity' (AON): -

- (a) Deficiency in case of items already in use for which scales have been provided.
- (b) Examination and validation of scales for arriving at the total deficiency in case of introduction of new items including those being procured as 'Sector Stores'.
- (c) The justification of introduction of new capital acquisitions in the context of the approved force levels.
- (d) The likely financial effect and the time span involved.

17. In order to avoid delays in according 'Acceptance of Necessities', the respective Additional Secretaries will hold a meeting consisting of the reps of the Service HQrs, Defence (Finance) and the MOD to identify the issues requiring attention and ensuring proper examination in a time-bound manner. The Additional Secretary concerned will send the recommendations to Secretary (Def/Fin) for examination and recommending approval of the competent authorities. The reference to CCS at this stage would be on 'as required' basis, on the directions of RM.

### **Solicitation of Offers**

18. Once the SQRs have been finalised, the sources of procurement of the weapon system/stores shall be ascertained and short-listing of the prospective manufacturers/suppliers carried out by the SHQ. The short-listed vendors will be the Original Equipment Manufacturers (OEMs)/Authorised Vendors/Govt sponsored export agencies (applicable in the case of countries where domestic laws do not permit direct export by OEMs). In cases involving TOT, the short-listing of the vendors would take into account their ability to transfer requisite technology for licence production. The list of short-listed vendors may be supplemented by Technical Manager (TM) in Acquisition Wing for which a databank will be maintained in Acquisition Wing. Wherever possible, keeping the security and other relevant aspects in view, appropriate publicity may be given to the proposed procurement with a view to generating maximum competition.

19. The Technical Manager concerned, will issue the RFP to the short-listed vendors with the approval of the Special Secretary (Acquisition), after ensuring that it has been vetted by all concerned agencies including Finance Manager, user, procurement and maintenance directorates at SHQ, QA agency etc. In the cases where TOT is being sought the Department of Defence Production and Supplies (DDP&S), Defence Research and Development Organisation (DRDO) and nominated Production Agency (PA) shall also vet the RFP. No addition to the vendors will be allowed after issue of RFP.

20. Solicitation of offers will be as per 'Single Stage-Two Bid System'. It will imply that a 'Request For Proposal' (RFP) would be issued soliciting the Technical and

Commercial Offers together, but in two separate sealed envelopes. This system safeguards against the possibility of vendor increasing his commercial offer consequent to development of a single vendor situation after evaluation of technical offers.

#### **21. Single Vendor Situation.**

Competitive tendering would be the norm, however, situations may arise where recourse to a single tender may become necessary. In such cases, prior approval of Raksha Mantri will be taken as under : -

- (a) Acquisitions in excess of Raksha Mantri's powers - Through DPB.
- (b) Acquisitions within Raksha Mantri's powers - On file.

22. The RFP will be self-contained document that will enable vendors to make offer after consideration of full requirements of the acquisition. A standardised RFP document is attached as Schedule I to this paper. This will be applicable for all acquisitions. It will generally consist of four parts as under : -

- (a) The first part elaborates the general requirement of the equipment, the numbers required, the time frame for deliveries, the environmental parameters for functioning, conditions of usage and maintenance, requirement for training, Engineering Support Package (ESP), and warranty/guarantee conditions, etc. It specifies the prescribed procedure and last date and time for submission of offers.
- (b) The second part of the RFP incorporates the SQRs describing the technical parameters of the proposed equipments in clear and unambiguous terms. The 'essential' and 'desirable' aspects of the requirements will be clearly stated. In case equipment is being procured for the first time and needs to be evaluated, the RFP includes the requirement of field evaluation on a "No Cost No Commitment" basis. In selected cases where it is proposed to utilise a matrix for short listing of vendors for field evaluation and/or for field evaluation/demonstrations, the same will be included in the RFP with the weightages being indicated.
- (c) The third part of the RFP outlines the commercial aspects of the procurement, including clear statements on payment terms, Performance Guarantees, Guarantees against warranty services to be performed by the supplier. It also includes standard contract terms along with special contractual conditions, if any.
- (d) The fourth part of the RFP defines the criteria for evaluation and acceptance, both in terms of technical and commercial contents. A format will be enclosed for submission along with commercial offer to facilitate preparation of Comparative Statement of Tenders (CST) and identification of L1 vendor. Submission of incomplete format enclosed along with commercial offer will render the offer liable for rejection.

23. In cases where TOT is involved, the RFP will include the requirement for licence production under TOT. The RFP in such cases would spell out the requirements of TOT depending upon the depth of the technology which is required, and whose range could cover technology for repair and overhaul; production from CKD/SKD kits and production from raw material and components level. Aspects which are to be included in the RFP in case production from CKD/SKD kits is envisaged are given at Schedule



II and the same in case of indigenous manufacture from raw material and components level are given at Schedule-III.

24. However, there may be occasions where it is not feasible to negotiate the TOT simultaneously and to cater to such contingencies the RFP should clearly indicate that Govt. reserves the right to negotiate TOT terms subsequently but that availability of TOT would be a pre-condition for purchase of the fully formed items. In these cases the procedure to be followed for negotiating TOT would not have to be repeated or started ab initio as it is a follow-up of the decision to purchase the selected equipment after due process.

25. The offers received should be opened on the notified date/time, by the members of a committee chaired by the Technical Manager, in the presence of the bidders or their authorised representatives, as may choose to be present. The committee will open the envelope containing the sealed Technical and commercial offers. The technical offer will be opened by the committee and sent to SHQ for evaluation by a Technical Evaluation Committee (TEC) and sealed envelope containing the commercial bid will be sent to the Acquisition Manager, unopened. Offers which do not conform to the prescribed procedure for submission of offers as laid down in first part of RFP or which are received after the last time for submission of offers will not be entertained.

#### **Technical Evaluation Committee (TEC)**

26. A TEC will be constituted by the SHQ for evaluation of the technical bids received in response of RFPs, with reference to the QRs, under an Officer from the SHQ. It will include, apart from the representatives of the user service and maintenance agency, representatives of QA as deemed necessary. In cases where TOT is involved, TEC will include apart from representatives of the user service and maintenance agency, representatives of PA, DRDO and QA, as deemed necessary. The TEC will examine the extent of variations/differences, if any, in the technical characteristics of the equipment offered by various vendors with reference to the QRs and prepare a 'Compliance Statement' short listing the vendor. The TEC may invite the vendors for technical presentation/clarifications on technical issues. The Special Secretary (Acquisition) will formally accept the report of the TEC on recommendations of the Technical Manager. Wherever TEC recommends trials/procurement based on a single vendor/deviation of essential parameters, sanction of DPB/Raksha Mantra (as applicable) will be taken in accordance with the laid down procedure.

#### **Field Evaluation (Trials)**

27. Field Evaluations (Trials), if required, will be conducted by the User Service. Field Evaluation will be conducted by the User Service on the basis of Standard Operating Procedures (SOP) evolved by them. The short listed manufacturer of the selected equipment shall be asked to send the desired units of the equipment/weapon system to India for Field Evaluation. SHQ will formulate the Trials Directive and constitute the Trials Team. The trial directive must specify the fundamental point on which it wishes the assessment to emphasise for validating the 'essential' features. The validation of the support system and maintainability trials integral to and complimenting the trial programme of the weapon system should be held simultaneously, wherever feasible. Representatives of DRDO, Quality Assurance

(QA) agency may also be part of the field evaluation, on as required basis, by the SHQ. A representative of the Acquisition Wing may also participate in the field evaluation as an observer. The field evaluation shall be conducted by the User in all conditions where the equipment is likely to be deployed, and a detailed Field Evaluation Report shall drawn up and sent to SHQ for preparation of Staff Evaluation. Similar action would be taken in the cases where Trials Teams are deputed abroad for evaluation purposes.

28. In certain conditions, the Acquisition Wing, particularly in cases involving integration of Systems or sensitive equipment, can depute a multi-disciplinary Technical Delegation abroad for evaluation and an Empowered Committee for negotiation purpose. Both could be combined as a multi-disciplinary Committee. The Technical Delegation should have representatives from user service, Defence Research and Development Organisation (DRDO), Maintenance agency, and Quality Assurance (QA) agency on need basis. In addition, Acquisition and Finance Manager or their representative will be included in the Empowered Committee. Evaluation matrices, in all cases of major purchases, will be prepared by the SHQ concerned.

29. The field evaluation will normally be conducted on No Cost No Commitment (NCNC) basis.

30. Field Evaluation (Trial) in India, in the manner suggested earlier, may not be possible in all cases.

31. Where field evaluation may not be feasible, the possibility of conducting field evaluation through computer simulation should be explored. Field evaluation may be dispensed with only after approval of the DPB on recommendations at appropriate levels in the SHQ.

### **Staff Evaluation**

32. Based on the methods of technical evaluation carried out as described in paragraph 24 onwards, the SHQ will carry out a staff evaluation, which gives out the compliance of the demonstrated performance of the equipment vis-à-vis the SQR. The staff evaluation will analyse the field evaluation results and shortlist the equipment recommended for introduction into service. The Staff evaluation will be approved by the SHQ and accepted by Acquisition Wing. In cases involving waiver/amendment of essential QRs, approval of Raksha Mantra will be taken prior to acceptance of staff evaluation.

### **Technical Oversight Committee (TOC)**

33. Technical Oversight Committee (TOC) provides expert oversight over the technical evaluation process. Defence Secretary will constitute TOCs for selected acquisition proposals in excess of Rs 300 Crores and any other case recommended by the DPB. A TOC will comprise of 3 members, one Service Officer, one DRDO scientist and one representative of DPSU preferable not involved with that acquisition. The TOC will be tasked to see whether the trials, trial evaluations, compliance to QRs and selection of vendors were done according to prescribed procedures. The Committee will have to give its ruling, based on a majority decision, within 30 days and the absence of a response will be deemed to be acceptance. The

time limit of 30 days shall not be extended on any ground. Technical Managers of the Procurement Division will provide the secretarial support to the TOC and ensure availability of all inputs from Dept of Defence/Acquisition Wing, Defence Finance and SHQ to the TOC. Should the TOC have any queries, the Technical Manager will clarify these. Commercial negotiation process will only commence after the TOC process is complete.

### **Commercial Negotiation Committee (CNC)**

34. Acceptance of the recommendations of the Staff Evaluation / TOC will lead to commercial evaluation of bids. The Special Secretary (Acquisition) will nominate a CNC, normally with the Acquisition Manager concerned as Chairman. The CNC may be set up at lower level also depending on the importance and value of procurement. In some cases, where considered necessary, a Services officer may be nominated as Chairman of the CNC with the prior approval of Raksha Mantri. The CNC would normally include Acquisition Manager, Technical Manager, Finance Manager, representatives from various Directorates at SHQ including user, procurement, maintenance, contract management directorates, QA agency, as required. The Commercial Negotiation Committee constituted in cases where transfer of technology is required should have representative of the DDP&S, DRDO and PA. The concerned organisations/agencies should ensure that their representatives in the CNC have adequate background and authority to take a decision without any need to refer back to their organisation/agency. The CNC will carry out all processes from opening of commercial bids till conclusion of contract. The sealed commercial offers of the technically accepted vendors shall be opened by the CNC at a predetermined date and time under intimation to vendors, permitting such Vendors or their authorised representatives to be present. The bids of the competing firms shall be read out to all present and signed by all members of the CNC.

35. It would be desirable to negotiate the licence production contract along with the contract for the finished product. In cases where this is not feasible, the purchase contract should include a clause wherein the vendor agrees to negotiate the licence contract at a subsequent date, thus obtaining a commitment from the vendor to part with the TOT.

36. Tender evaluation will involve recording and analysing the merits of each tender. The process will start with preparation of a 'Compliance Statement' incorporating the commercial terms offered in the RFP and that sought by the vendor(s), analysis of the discordance and the impact of the same. A similar statement would be prepared in regard to deviations noticed in the delivery schedules, performance warranty, guarantee provisions, acceptance criteria, Engineering Support Package (ESP) etc. Comprehensive analysis of the commercial offer will form the basis for subsequent decisions.

37. The CNC will prepare a Comparative Statement of Tenders (CST) with a view to evaluate the technically acceptable offers and determine the lowest acceptable offer (L1 Vendor). It will also evolve methods for benchmarking of price.

38. The CNC may hold internal meetings to finalise the approach to be adopted by them in conducting negotiations with the L 1 Vendor and lay down a tentative

timetable for the proposed negotiations. Once a preliminary view has been taken by the CNC, it will invite the representatives of the L 1 vendor for financial/contractual negotiations. The CNC may require more than one round of negotiations with the L1 vendor. Negotiation would have two basic objectives, achieving the most reasonable and economical price, and obtaining the most favourable terms of contract, as near as possible to the standard terms of contracts, for the Ministry of Defence.

39. The CNC should document the selection of vendor using a formal written recommendation report addressed to the relevant approval authority. The report must be complete in all respects and comprehensibly elaborate the method of evaluation and the rationale for the selection made. All CNC members should sign the recommendation report, in the interests of probity and accountability, as evidence that they concur with the process adopted and the ultimate selection made. Any dissenting view, including the reasons for the same, should be documented.

40. The report of the CNC should include: -

- (a) A brief background to the requirement.
- (b) Composition of the CNC.
- (c) An explanation of the commercial evaluation process, selection criteria and commercial evaluation matrices, if used.
- (d) Brief description of different phases of the commercial negotiation process.
- (e) A summary of the recommendations.

#### **Eminent Persons Group (EPG)**

41. An 'Eminent Persons Group (EPG) consisting of retired officials (around twelve in number), having experience and expertise in Defence Procurement would be constituted by RM on recommendations from the Defence Secretary and Secretary Defence (Finance). Defence Secretary, in consultation with Secretary Defence (Finance), would nominate a panel of three persons from the EPG to provide pre-contractual 'Process and Procedures Audit' for all acquisition proposals in excess of Rs 300 crore and any other case recommended by the DPB. The panel so constituted will examine whether all prescribed processes and procedures have been followed in the course of commercial negotiations.

42. The panel of the EPG will commence its evaluation after contractual negotiations have been finalised but before the contract has been concluded. The panel will have to give its ruling, based on a majority decision, within 30 days and the absence of a response will be deemed to be acceptance. The time limit of 30 days shall not be extended on any ground.

43. Government will only finalise the contract after go ahead by the panel of the EPG or after lapse of the 30 days period given to it. Should the panel have queries, these will be clarified by the CNC. Should the panel of the EPG deny consent, the decision on termination of negotiations will be taken by the CFA.

44. Secretary Defence (Finance) will set up a special 'Internal Audit Team' from the internal resources of the 'Controller General of Defence Accounts' (CGDA) to assist

the EPG in its functioning. The team leader will be responsible to the head of the panel and render support to it in its functioning by assisting in the audit of processes and procedures. Pending the constitution of such an 'Internal audit Team' by secretary (Def/Fin) the EPG would be assisted by the Acquisition wing.

### **Contract/Supply Orders**

45. Acquisition Wing would evolve a standard Contract/supply Order document, which will be used as a guideline for contract/supply orders for all acquisitions.

### **Inter Government Agreement (IGA)**

46. In cases of large value acquisition and especially those requiring product support over a long period of time it may be advisable to enter into a separate Inter Government Agreement (IGA) (if not already covered under an umbrella agreement covering all cases) with the Govt. Of the country from which the equipment is proposed to be procured after the requisite inter ministerial consultation. Such an IGA is expected to safeguard the interests of the Govt. of India and should also provide for assistance of the foreign Govt in case the contract(s) runs into an unforeseen problem.

### **Subsequent Procurement of Already Contracted Equipment**

47. In cases where there is an additional requirement of equipment/systems with an estimated value of more than Rs 20 Crores, and for which orders/contracts have already been placed in the past after necessary technical/field evaluation, the case will be put up to DPB who may order either fresh field evaluation or obtain technical and commercial offers or only commercial offers depending on the merits of the case. Similar decision in respect of additional requirements having an estimated value upto Rs 20 Crores may be taken by the Acquisition Wing.

### **Post Contract Review**

48. Overseeing the effective implementation of every contract is as important as the soundness of the negotiation procedure leading thereto. In this context, concerned Acquisition Manager in the Acquisition Wing and an equivalent rank officer of the concerned User Service shall undertake regular reviews of the Contract implementation, involving senior representatives of the concerned organisations/agencies. Such reviews shall be carried out as frequently as necessary but at least once every quarter, to ensure timely remedial/corrective action. The nodal point for contract administration and management, however, would be the SHQ concerned. The Acquisition Wing will submit quarterly Contract Implementation Report (CIR) to the DPB. Over and above such joint progress reviews, the contract management directorates at SHQ should establish specified arrangements for the constant monitoring of the contract implementation and promptly report any default/failure to the concerned Acquisition Manager in the Acquisition Wing. Problems encountered in the operation of contract will be reported to the Acquisition Manager. The directorates in the SHQ, accordingly, will work closely with Acquisition Wing and would be responsible for formally declaring completion of contractual responsibilities and closure of a contract. The concerned nodal officer in the SHQ shall draw up a clear time-frame for securing rectification of default/defect and assess the financial implications thereof which may justify being set off against payments due under the contract.

### **Equipment Induction Cells (EICs)**

49. EICs will be raised for major projects on a case-to-case basis in Services HQ at the discretion of Services HQ. The EICs will deal with the induction of major equipments and help in planning the requirement of facilities essential for the serviceability and maintainability aspect of Acquisition. The EICs will help the Defence Procurement Board to move towards Life Cycle Cost Concept.

### **Processing of Procurement Cases**

50. In order to cut down the delays in procurement of equipment and ensure that the procurement system is more responsive to the needs of the Armed Forces, the following steps need to be instituted: -

- (a) DPB should issue guidelines to the Acquisition Wing giving out the broad time frame for completion of different procurement activities. Major deviations from this time frame should be brought to the notice of DPB for necessary corrective measures.
- (b) Once the statement of case is initiated by SHQ to MOD, consolidated observations/clarifications sought up to and including the level of JS in MOD and MOD (Fin) be clarified in a across the table discussion and minutes of the same recorded on file. This should be followed for all major procurement stages to cut down the processing time.
- (c) A defence procurement network, electronically connecting all agencies involved in defence procurement, to build up a data base and information system, should be set up.

### **Procedure for Procurement from Countries having Strategic Partnership with India**

51. In certain acquisition cases, imperatives of strategic partnerships may necessarily be the principal force determining the acquisition of a specific platform or item. Such strategic partnership is based on diplomatic, political, economic, technological and military relationships. For specific acquisition cases falling under this category for which a single vendor situation will necessarily emerge, case to case decisions will be taken on the recommendations of the DPB and with the approval of Raksha Mantri.

### **Deviations from DPP-2002 Version Jun 03)**

52. Any deviation from the prescribed procedure will be put up to Raksha Mantri through DPB for approval.

### **Review**

53. A review of the procedure would be undertaken by the DPB periodically. The first such review would be undertaken two years after its coming into force.

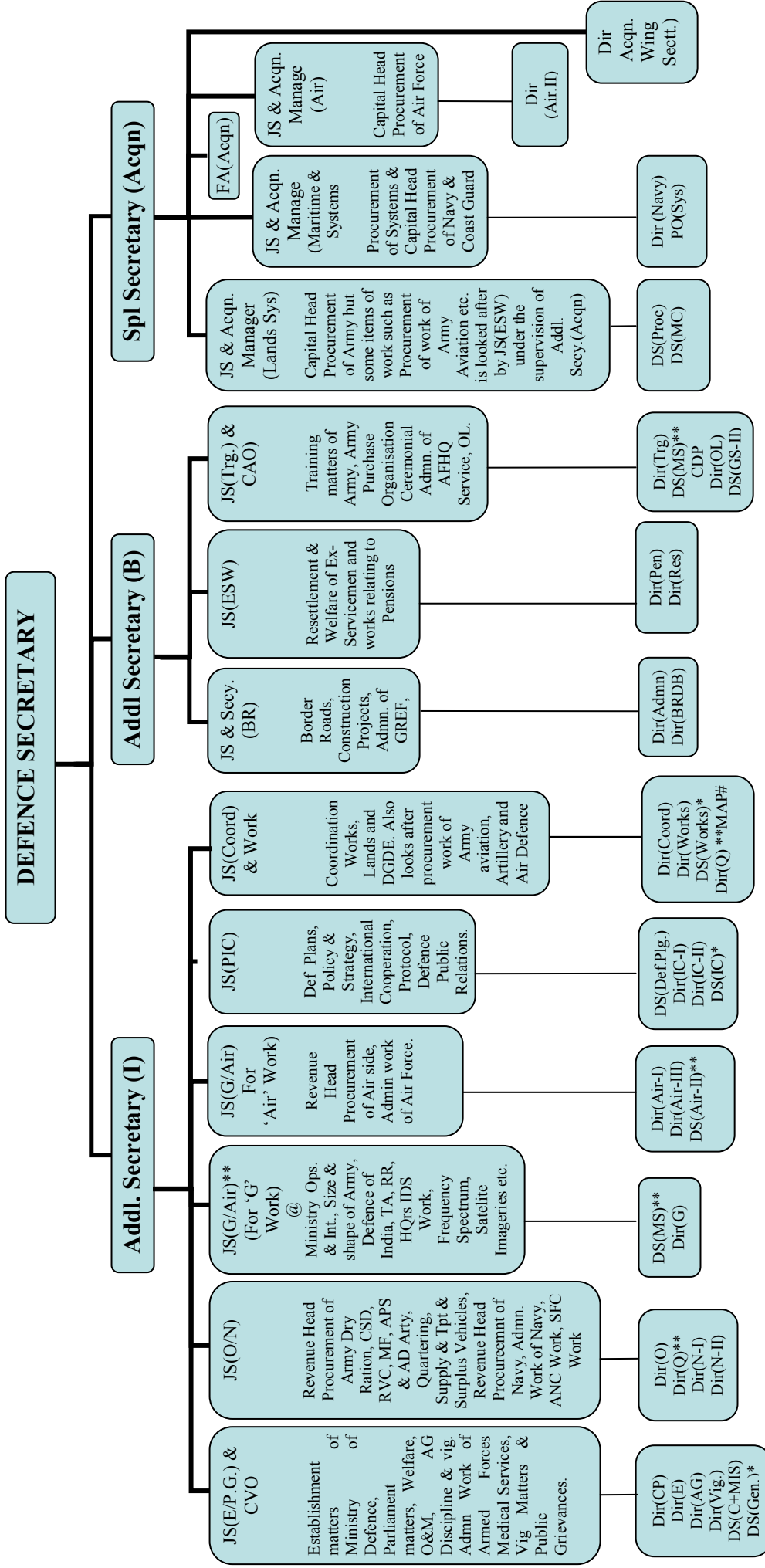
## **CONCLUSION**

54. DPP-2002 (Version Jun 03) should be read in conjunction with Fast Track Procurement (FTP) Procedure for meeting urgent operational requirements of the

Services circulated under Ministry of Defence ID No. 800/SS (A) 2001 dated 28 Sep 2001.

55. The procedure would be in super session of the Procedure for Defence Procurement issued under Ministry of Defence ID No. 82/Dir(Acq)/02 dated 30 Dec 2002. The procedure will be applicable from 30 Jun 2003. The procedure will become applicable to all fresh proposals initiated after this date flowing out of 'Buy' or 'Buy and Make with Imported TOT decisions of DAC.

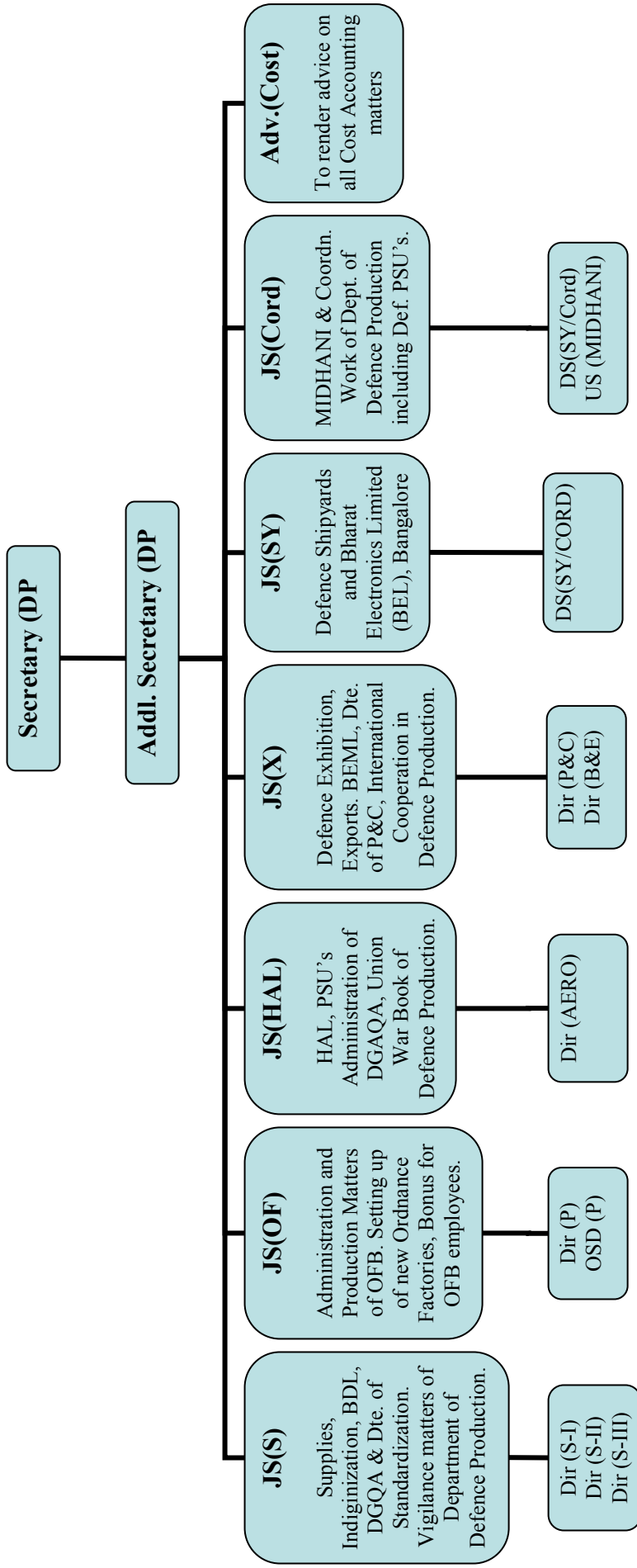
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(AS ON 21.3.2005)**



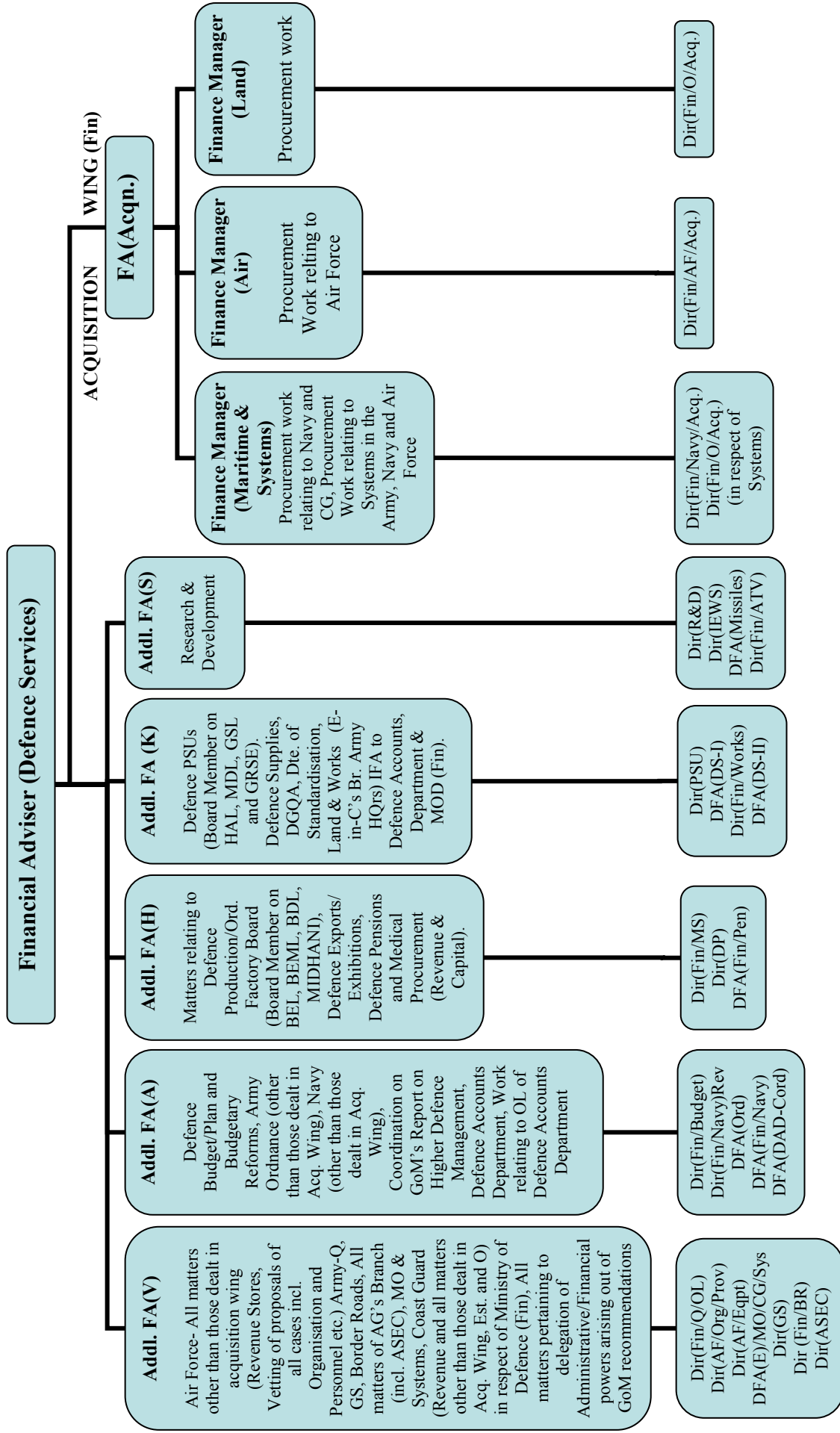
\*Ad-hoc      \*\* Double Reporting      # Married Accn. Project      @ Additional Charge under



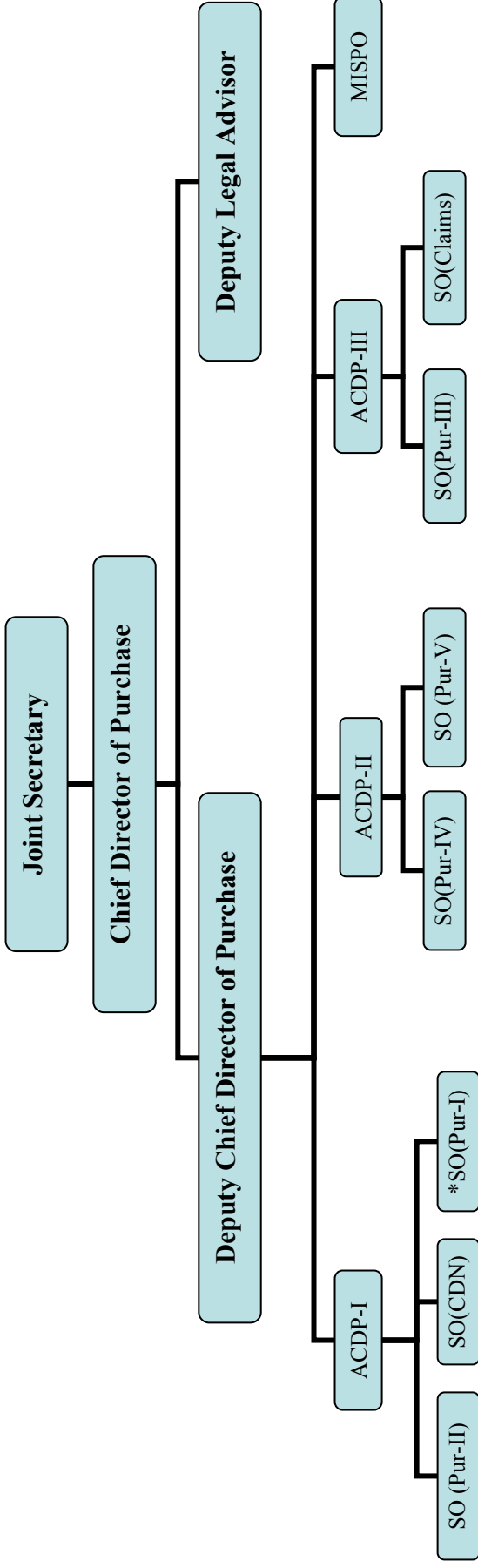
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AS ON 30.06.2004**



**ORGANISATION CHART OF DEPARTMENT OF DEFENCE FINANCE  
AS ON 30.06.2004**



**ARMY PURCHASE ORGANISATION  
AS ON 30.06.2004**



**ORGANISATION CHART OF ACQUISITION WING  
AS ON 30.06.2004**

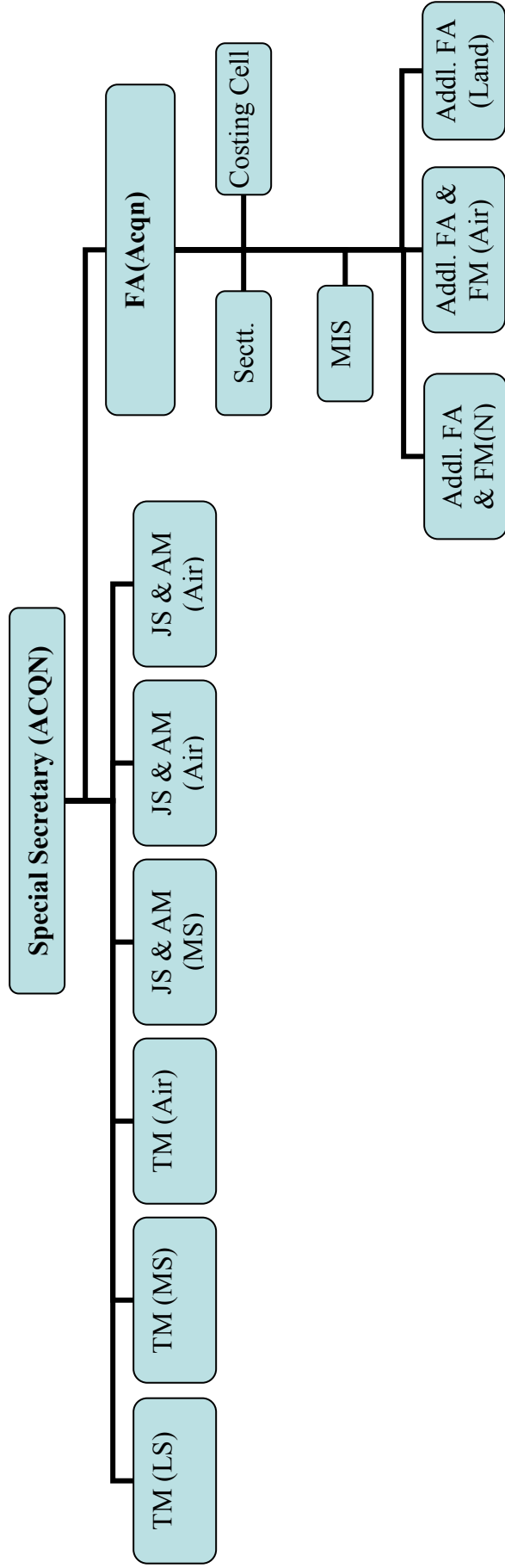


Chart showing organisational set up of Army Headquarters

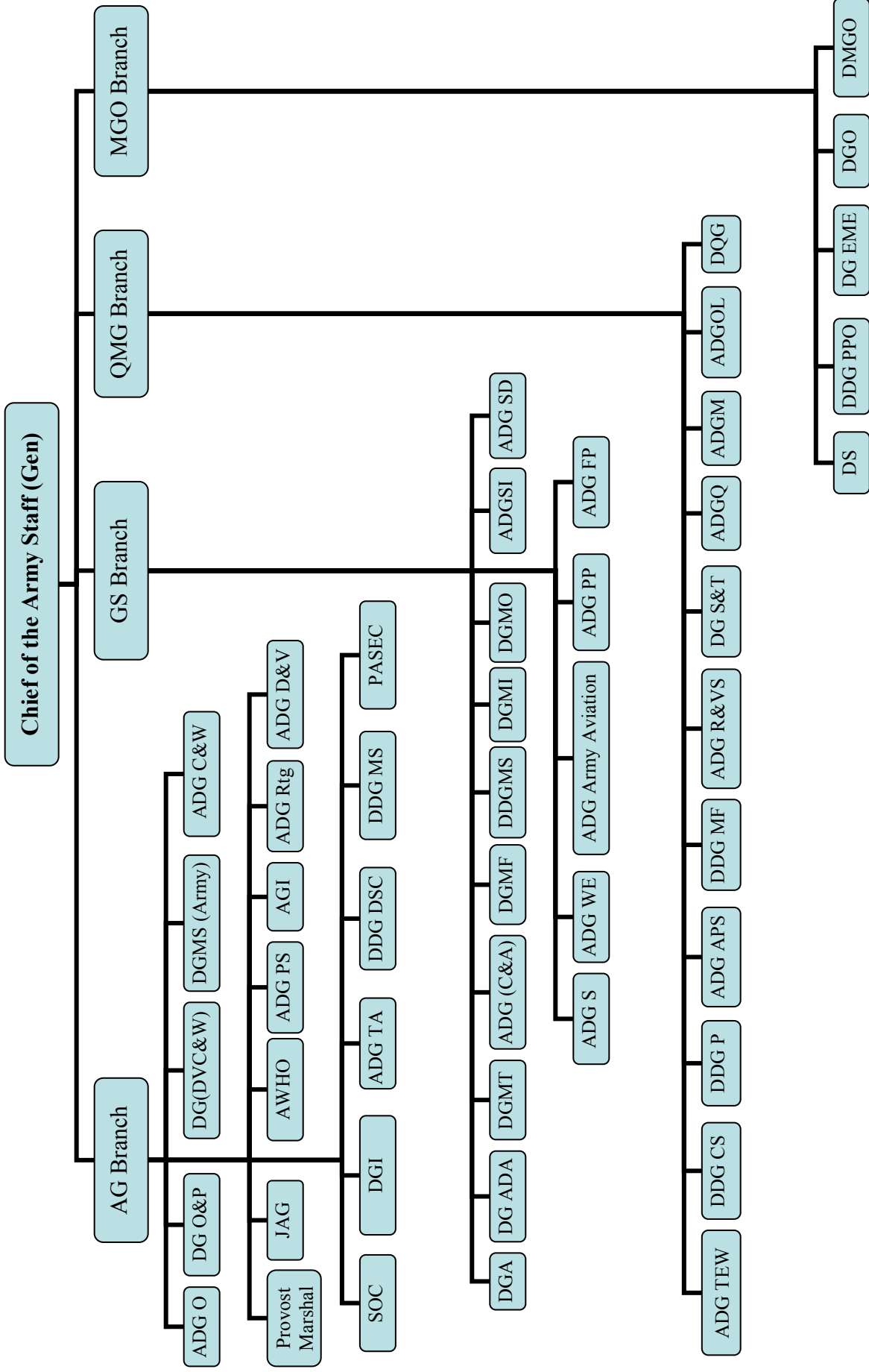


Chart showing organisational set up of Command Headquarters

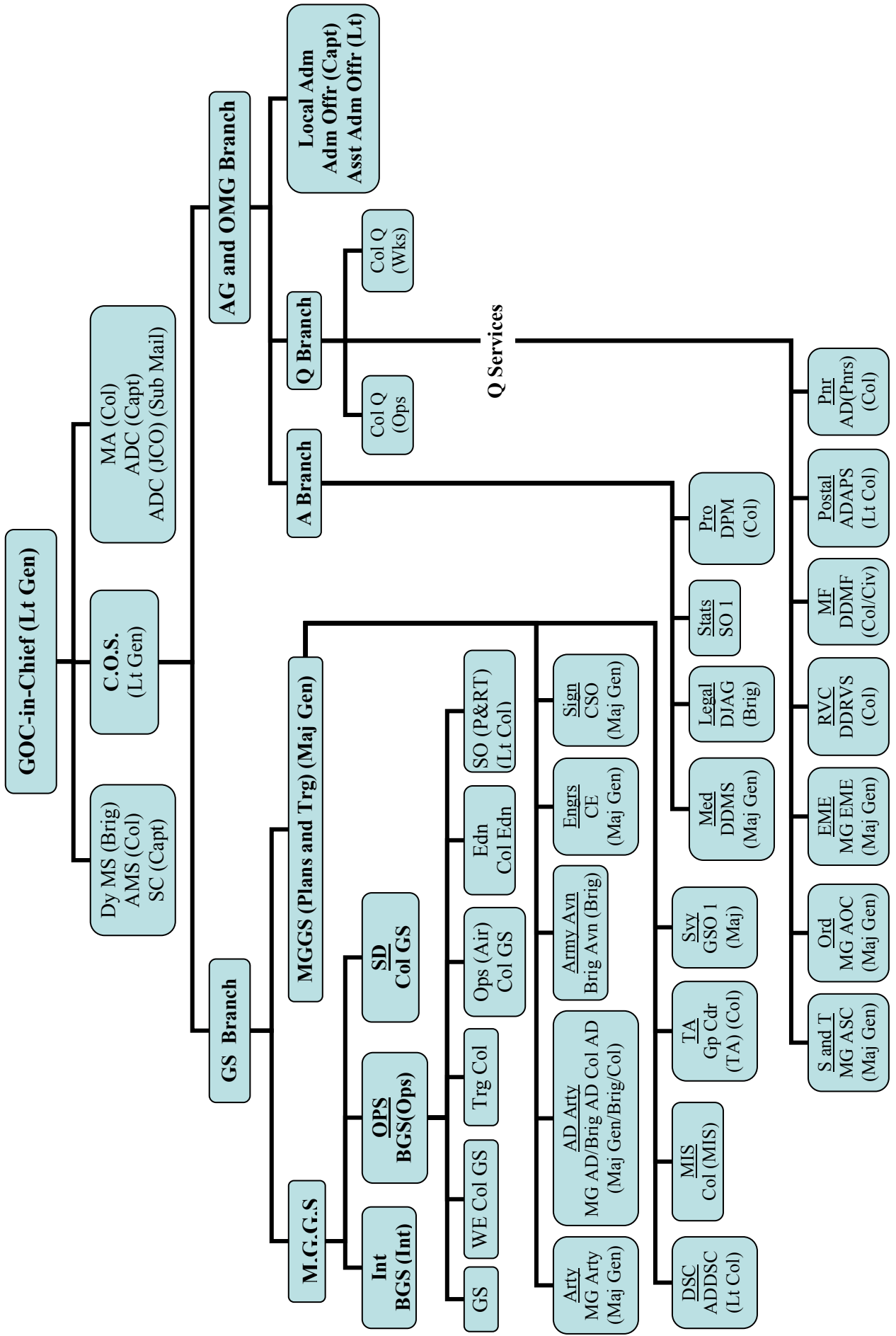


Chart showing organisational set up of Area Headquarters

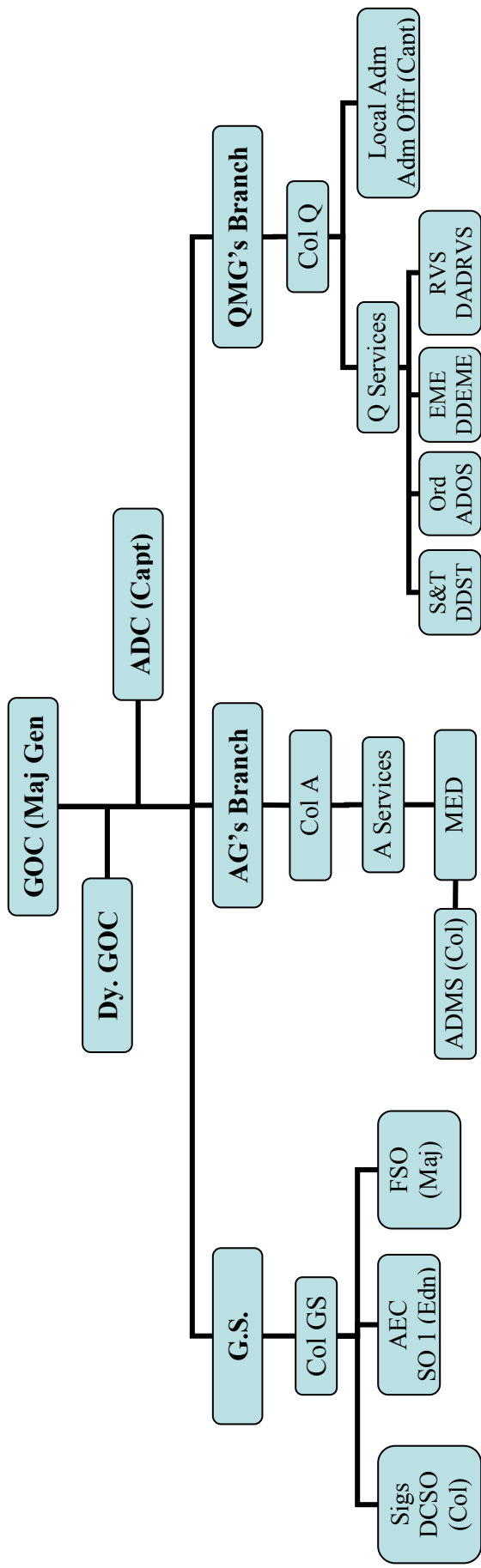


Chart showing organizational set up of Sub Area Headquarters

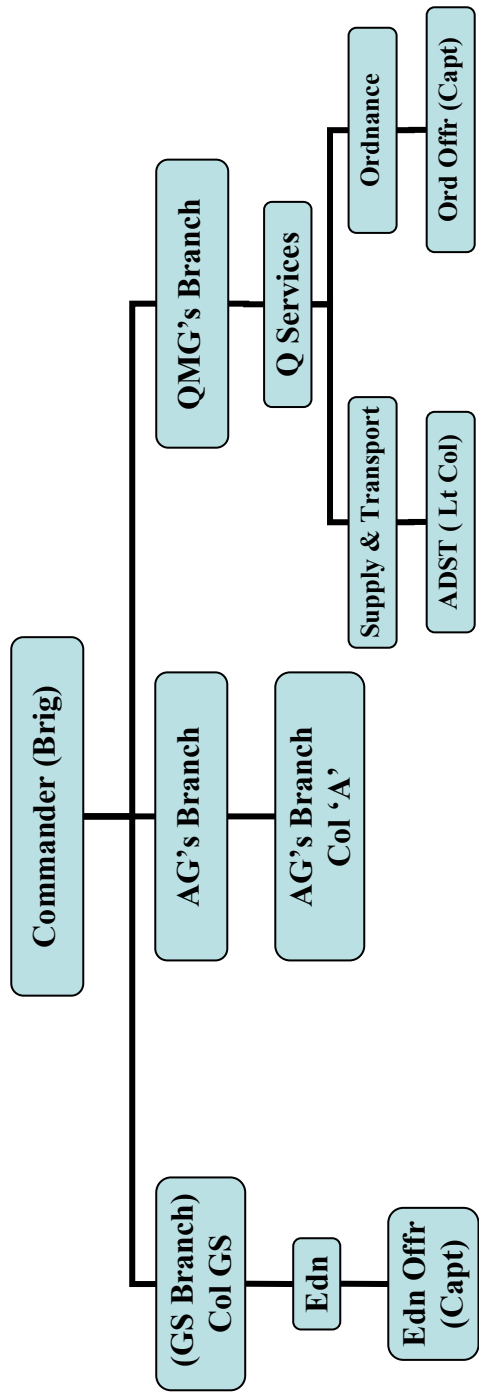
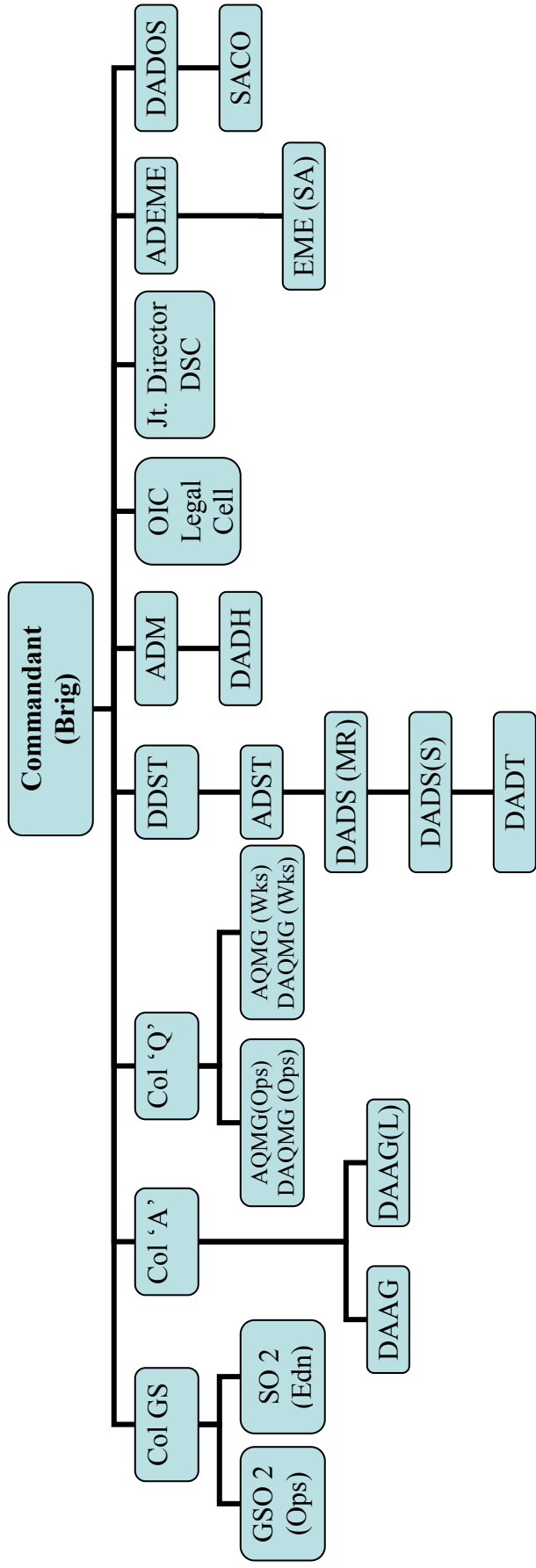


Chart Showing of organisation set up of Independent Sub Area





**Chart Showing of organisation set up of Infantry Division**

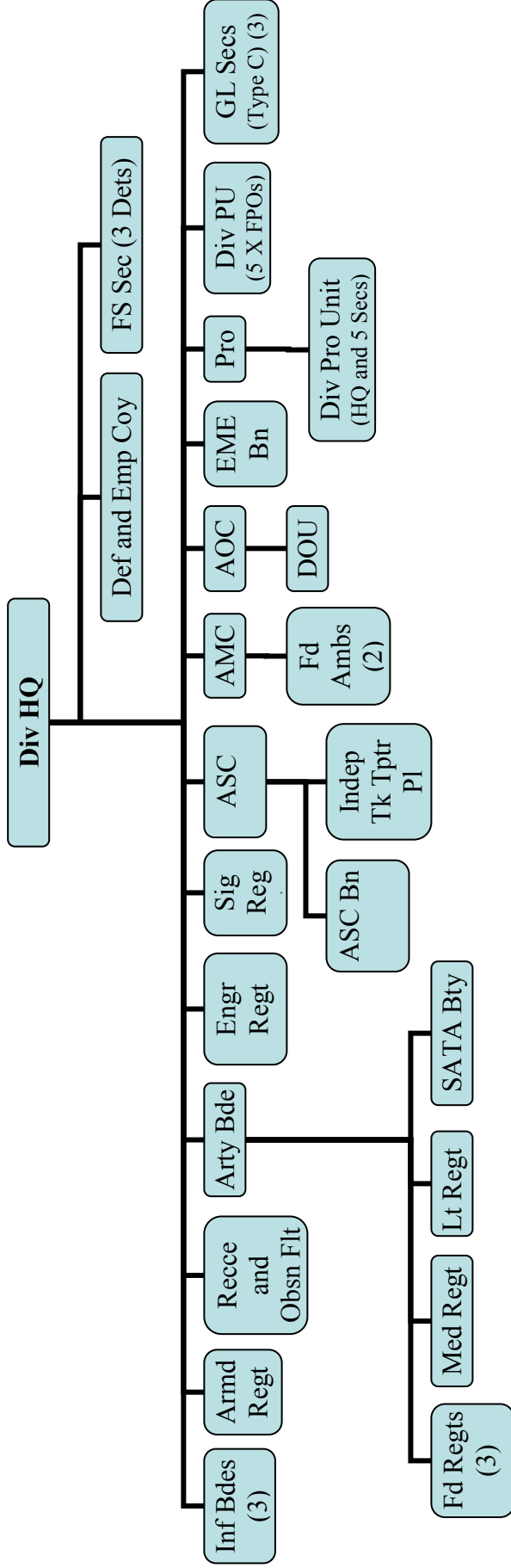
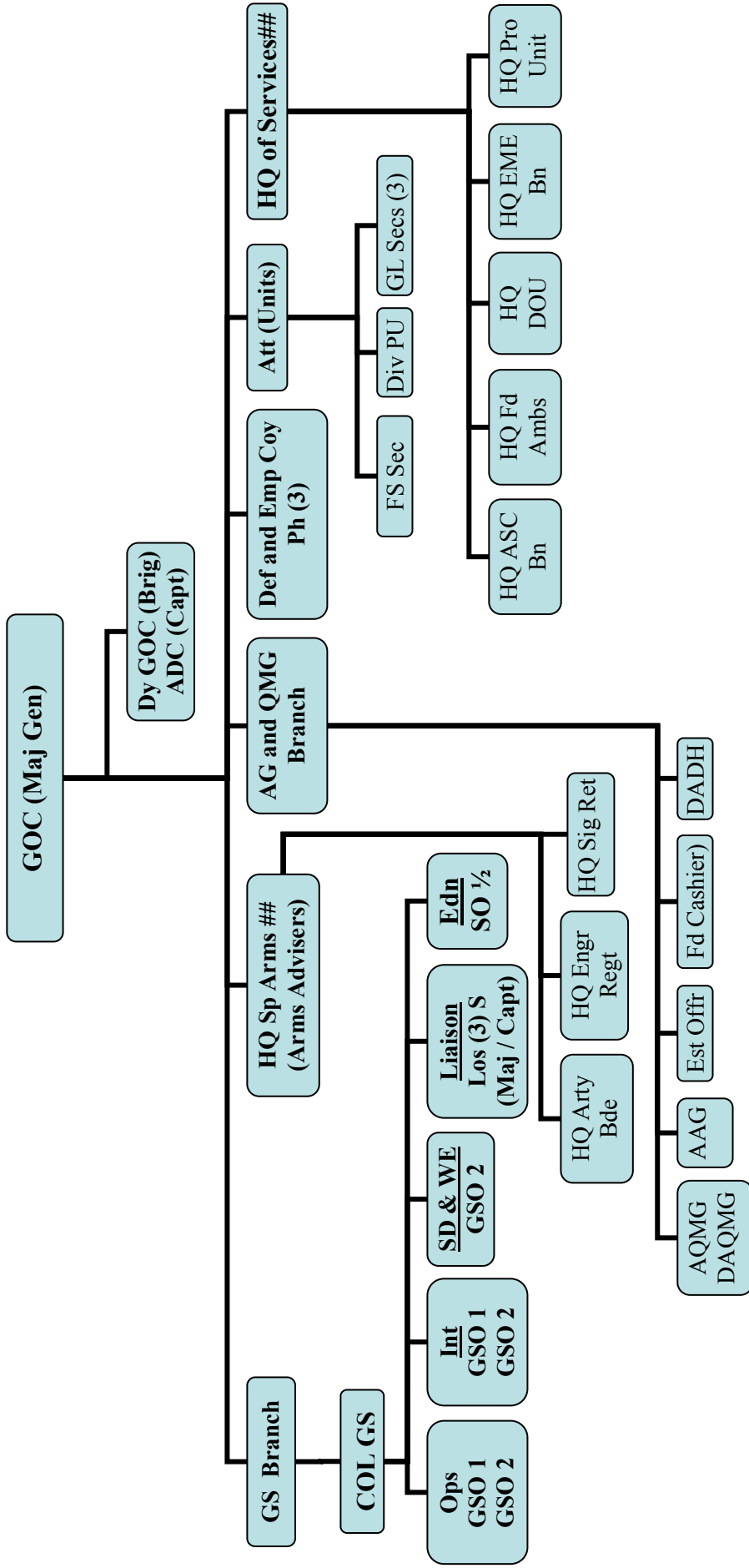


Chart Showing of organisation set up of HQ Infantry Division



**CHAPTER -26**  
**AUDIT OF SANCTIONS - GOVERNMENT SANCTIONS**  
**AND SANCTIONS ACCORDED BY LOWER AUTHORITIES**

**505** (i) Estimates for receipt and expenditure relating to Defence Services Estimates arising in India and abroad for each financial year are submitted along with the main budget of the Central Government to the Parliament and the provision for gross expenditure is included in the Demands for Grants for obtaining the vote of Parliament. Ministry of Defence arranges for financing services within the sums so voted. The expenditure for which provision is made in the Defence Services Estimates covers the following categories.

- (A) Pay and allowances –Army
  - (i) Pay and allowances of Officers
  - (ii) Pay and allowances of PBORs including NCs(E)
  - (iii) Pay and allowances of Recruits
  - (iv) Territorial Army
  - (v) Embodied units
  - (vi) Regiments
  - (vii) Pay allowances of civilians
    - (a) Fighting Services
    - (b) Specialised training establishments
    - (c) Army Service Corps Units & Formations
    - (d) Animal transport
    - (e) Industrial establishments
    - (f) Remount and veterinary establishments
    - (g) Ordnance Establishments (including stationary Depots)
    - (h) Electrical and Mechanical Engineering.
    - (i) Hospitals and other Medical establishments
    - (j) Recruiting organizations
    - (k) AHQ/ Command Headquarters and other staff formations.
    - (l) Military Engineers Services
    - (m) Engineering Stores Depots Establishments
    - (n) Other misc. establishments
  - (viii) Transportation
  - (ix) Military Farms
  - (x) Research and Development Organisation
  - (xi) Inspection Organisation.
  - (xii) Stores
    - (a) ASC Stores
    - (b) AOC Stores
    - (c) Medical & Veterinary Stores
    - (d) ESD

- (e) Air Frames & Engines
- (f) Aviation Stores
- (g) IT
- (h) R&D Stores for Army
- (xiii) Works
  - (a) OWP (Operational & Other Works/ Revenue Works)
  - (b) Maintenance Buildings/Roads & Communication etc.
  - (c) Maintenance & Operation Installation
  - (d) General Charges
  - (e) Tools/Plants Machinery
  - (f) Stores
  - (g) MES Advances
- (xiv) Rashtriya Rifles
- (xv) NCC
- (xvi) Other Expenditure including Pension

(ii) Expenditure on pay and allowances at (a) above and pensions are obligatory charges and unavoidable commitments that depend on the strength and composition of the Armed Forces and various factors that are governed by policy decisions of the Government and are controlled centrally. Powers to sanction expenditure from sanctioned grants upon subjects pertaining to Defence Services on objects, as specified, are delegated to authorities lower than the Government of India, as specified in the Financial Regulations Part I Volume II, Regulations for the MES and government letters issued from time to time.

### **Government Sanctions**

**506** (i) Sanction to expenditure beyond the delegated powers, sanctions having financial bearing not covered by existing rules will be issued in the form of Government of India letter or Army Instruction (corresponding instructions are issued by the other two Services). Sanctions issued by the Government of India, Ministry of Defence with the concurrence of Ministry of Defence (Finance) are communicated by them direct to the Service Headquarters and copies endorsed to the Controllers of Defence Accounts and the Defence Audit Department. Permanent orders of general application, laying down the duties, responsibilities, functions financial powers, operative procedures and accounting procedures to be followed in the day to day administration of various units/formations/establishments are compiled in the form of Regulations, Codes and Manuals branch wise services Instructions.

(ii) The sanctions and orders affecting financial transactions may be broadly divided into three groups.

- (a) Rules and General orders
- (b) Grants and appropriations and
- (c) Sanctions to expenditure

(iii) All such rules and orders should be scrutinised to see that

- (a) they are consistent with the essential requirement of audit and account

- (a) that they do not conflict with the orders or rules made by any higher authority and
- (b) that in case they have not been separately sanctioned/approved by competent higher authority, the issuing authority possesses the necessary rule making power.

(iv) Sanctions accorded by Government of India, Ministry of Defence relating to Army, R & D Organisation relating to Army, Inter Services Organisation, Border Roads and Directorate General of Quality Assurance are audited in the Headquarters Office.

(v) Provisioning of stores and equipment arranged centrally based on provision reviews carried out in the various branches of Army Headquarters, R & D Establishments and the DGAFMS are audited in the Headquarters office.

(vi) Major Schemes/projects sanctioned with the aim of making the country self reliant or providing adequate welfare measures are scrutinised in Headquarters Office to see how far the targets set up and benefits anticipated to accrue from scheme/projects at the time of sanction have actually been achieved vis-à-vis the cost incurred.

(vii) Papers leading to conclusion of contract agreement and foreign contracts concluded by the Ministry of Defence are also examined in Headquarters Office.

(viii) Sanctions pertaining to Ordnance Equipment Factories are audited centrally by Pr. Director of Audit (Ordnance Factories) Calcutta through the Audit Cell (Factories) of Headquarters Office.

(ix) The procedure that is followed and nature of examination carried out in Headquarters Office is indicated in detail in Chapter 4 of Part A of this volume.

(x) After examination of the relevant papers leading to issue of sanctions, modifications to regulations/codes /Manuals or service instructions or policy decisions and other relevant particulars are forwarded to Command Officers for examination locally with a view to ensuring

- (a) that the orders have been correctly applied and that no peculiarities are observed in the actual implementation thereof and
- (b) that in case of schemes/projects sanctioned the objects of the scheme, target set up and benefits anticipated as projected at the time of sanction have been achieved within the time stipulated and the cost estimated.

### **Selection of Sanctions in Headquarters**

**507** (i) All Sanctions will be scrutinised in audit in the first instance to ensure that they are issued by the authorities competent to do so and conform to the General principles for authorising expenditure from Government funds. Various categories of sanctions and the levels at which these can be admitted in audit are indicated in Annexure 'A'.

(ii) The selection of sanctions for detailed examination should be mainly for the following reasons:

- (a) the sanction is of an unusual character
- (b) certain specific and pertinent audit queries which are not evident from the sanction itself have got to be satisfied

- (c) the progress of a scheme or a project has to be monitored
- (d) the implication of sanctions lack clarity
- (e) propriety is to be examined

(iii) Keeping these principles in view such of the sanctions as are considered important will be selected for detailed scrutiny.

(iv) Sanctions where detailed scrutiny with reference to Ministry's files is not considered necessary will be finally recorded under the orders of the officer to whom powers for admitting sanctions have been given.

(v) With a view to assessing periodically the result of sanction audit carried out in the section both quantitatively and qualitatively, it will be necessary to indicate the cases, where observations were raised as a result of scrutiny and /or where feed back reports were called for, from the Command Officers with the action taken on such feed back reports, in the Register maintained to watch the receipt of Government files requisitioned. In case where Draft Paras were attempted on the basis of such examination, they may be briefly indicated against respective items in the Register. For a proper assessment of the results achieved in sanction audit, the Register will be reviewed by the AOs once in six months and detailed appraisal put up to the Director by the 1st week of January and July.

(vi) While forwarding important notings from the Ministry's files leading to the issue of sanctions to expenditure/works selected for Performance audit, audit sections should give clear directions to the Command Officers on the specific as well as related points for e.g. in stock holding and user formations that are required to be looked into and the points on which feed back is required.

### **Sanctions accorded by authorities lower than the Government of India.**

**508** (i) Sanctions and orders issued by the authorities lower than the Government of India are communicated direct to the Controllers by such authorities except

- (a) those issued by the Chief of Army Staff whose sanctions and orders are communicated by the respective Branches of Army Headquarters
- (b) those issued by the Chief of Naval Staff, whose sanctions and orders are communicated by the authorities empowered to sign on his behalf
- (c) those issued by the Chief of Air Staff whose sanctions and orders are communicated by the authorities who have been delegated powers to sign on his behalf.

(ii) Sanctions accorded by authorities lower than the Government of India are subjected to audit both in internal audit as well as by Command Offices in Central Audit by LTA Party as per revised norms for Audit and Sanctions.

|   |   |       |
|---|---|-------|
| Rs. 1 crore & above                               | - | 100 % |
| Rs. 50 lakh and above but less than Rs. 1 crore   | - | 60 %  |
| Rs. 25 lakhs and above but less than Rs 50 lakhs- |   | 30 %  |
| Rs. 10 lakhs and above but less than 25 lakh      | - | 20 %  |
| Below Rs. 10 lakhs                                | - | 10 %  |

(Auth.: DGADS letter No.2763/A.Coord/A-2/Norms/2001-02 dt. 12.12.2002)

With the delegation of increased financial powers to sanction works, the enhancement of monetary limit to minor works, enhanced powers for local purchases, local repair contracts etc., audit of such local sanctions assume greater importance. Extent of delegated powers for sanction of works, local purchase, local repair contracts etc. are laid down in Government letters issued from time to time and powers delegated for sanctioning expenditure on various objects, as specified are indicated in various Appendices of FR Part I Volume II .

(iii) Details of important works sanctions scrutinised in central test audit and local sanctions relating to purchase effected .in COD's/ODs/EME Base Workshops/R & D Establishments should be sent to local audit parties. for detailed examination during normal audit.

- (iv) a) Sanctions for works accorded by authorities lower than Government of India should be scrutinised at Service Headquarters./Command/Area/ Sub Area / Station Headquarters. with reference to proposals initiated and siting board proceedings etc. with a view to finding out whether such sanctions are in accordance with scales/orders. Command Officers should have such cases examined in Headquarters. of the CFA, if it is within their audit area. In cases where the Command Headquarters. are located at a different place, cases should be reported to the Command Officer in whose audit area the Command Headquarters. is situated. In respect of cases relating to, sanctions issued from AHQ, details of such cases should be reported to DGA DS for examination.
- (b) Cases may arise, where sanctions for provision of certain facilities are issued piecemeal by the sanctioning authority with a view to bring them within their delegated financial powers in violation of Regulations, which provide, that where a number of services in a station or area are necessitated by a change of plan or policy or location of units, should be treated as a single project.
- (c) Cases of sanction of certain works, as special works, should be examined to check, whether provision of such facilities has the effect of introducing a new practice or change of scales or any facility not authorised under the rules introduced.
- (d) Sanctions may be issued by adoption of prima facie unauthorised scales in relation to Civil works, rations and others such as clothing, furniture etc.
- (e) Sanctions may be issued for provision of certain facilities like Stadium, Auditorium etc. taking into account of strength of civilian employees for determining the troop's strength, in violation of orders.
- (f) Sanctions for provision of certain facilities like more than one MES Inspection Bungalow could be issued for the same station indicating a different location.
- (g) Cases of sanction of special works should be examined to check that these may only be approved when exceptional local conditions justify the necessary or as on important experimental measure and does not have the effect of introducing a new practice or change of scales.

Further while scrutinising the sanction where the project

includes both the authorised and special items of works it should be examined to check that the criterion should not be the financial powers for the normal items of works alone. In such a case if the estimated cost of the total of the special items of works exceeds the financial powers of the CFA for those items the sanction shall be issued by the CFA under whose powers the special items fall.

(h) Sanctions for re-appropriation of buildings involving increase in scales or introducing a new practice it should be examined to check that Government of India sanction has been accorded in such cases. However, minor increase in scales up to 5 percent of the authorised area which is inevitable due to constructional reasons will not require Government sanction.

(i) For prestigious buildings it should be examined to check that the buildings have been declared prestigious by the Govt. and a specific percentage subject to a maximum of 10% of the total cost of building is permissible to add in the approximate estimates towards special architectural features and for superior specifications to be provided in the building as prestigious.

(v) Sanctions for airlifting of stores should be examined at the consignee end to ensure that such air lifting was justified.

(vi) Sanctions for de-hiring of buildings accorded by competent authorities should be examined with a view to finding out:

(a) the period for which the buildings de-hired had remained vacant

(b) the reasons for the de-hiring

(c) if the de-hiring was due to unhygienic, uninhabitable and unpopular conditions based on proceedings of Board of Officers constituted for the purpose, how such buildings came to be hired initially.

(d) if there had been any delay in deciding the de-hiring and

(e) extent of expenditure incurred due to payment of rent for the period the same had remained unoccupied and care and custody of the vacant building

(vii) While scrutinising the sanctions certain observations are raised and communicated to the sanctioning authorities. Subsequently the sanctions are cancelled at the instance of audit which is a saving to the state. For this purpose a separate Register for cancellation of sanctions at the instance of audit is required to be maintained at Command Office level.

**509.** Audit of sanctions relating to local purchases is dealt with in Chapter 27.



**ANNEURE 'A'**

**[Referred to in Para 507(i)]**

| <b>Sl. No.</b> | <b>Type of Sanction</b>  | <b>Level at which to be accepted</b>                       | <b>Remarks</b>  |
|----------------|--|--|---|
| 1              | Sanction to expenditure of an occasional/unusual nature Those sanctions generally relate to expenditure of an occasional/unusual character for which powers have not been delegated and so require sanction of Government. | Sr. AO / Audit Officer                                     |   |
| 2.             | Sanctions for procedural relaxation in individual case relating to Pay, Pension, Travelling, Allowances etc.   | Sr. AO / Audit Officer                                     |   |
| 3.             | Sanctions for acquisition/requisition /hiring/ transfer of land (including temporary transfers).   | Sr. AO / Audit Officer<br>Director                         | Beyond Re. 1 lakh but up to Rs.10 lakhs.<br>Beyond Rs.10 lakhs.                   |
| 4.             | Orders laying down rates or conditions relating to pay and allowances in respect of Service and Civilian personnel.  | Section Officer/ AAO                                       |   |
| 5.             | Orders issued in clarification or introducing new provisions in Rules and Regulations of the Defence Services.   | Sr. AO / Audit Officer                                     |   |
| 6.             | Sanctions for purchase/introduction/ disposal/withdrawal of equipment Stores   | AAO / Section Officer<br>Sr. AO/ Audit Officer<br>Director | Up to Re 1 lakh<br>Beyond Rs. 1 lakh but up to Rs.25 lakhs.<br>Beyond Rs. 25 lakh |
| 7.             | Delegation of financial powers. Officer.   | Sr. AO / Audit Officer                                     |   |
| 8.             | Sanction of PE/WE/ Civil Establishment including DAD   | Section Officer/AAO.                                       |   |
| 9.             | Sanction for works Services  | Sr. AO/Audit Officer<br>Director                           | up to Rs.50 lakhs<br>Beyond Rs.50lakhs  |
| 10.            | Sanction to contracts and payments there against.  | Section Officer/AAO<br>Sr. AO/Audit Officer<br>Director    | Up to Re.1 lakh<br>Beyond Re.1 lakh but up to RS.25lakhs<br>Beyond Rs. 25.lakhs   |
| 11.            | Sanctions to grant-in aid loans to bodies, Corporations etc  | Section Officer/AAO<br>Sr. AO/Audit Officer                | Up to Rs.5lakhs<br>Beyond Rs. 5 lakhs but up to Rs.20 lakhs                       |
| 12.            | Sanctions for R&D projects   | Sr. AO/Audit Officer<br>Director                           | Up to Rs.2 lakhs<br>Beyond Rs. 2 lakhs  |

|   |   |  |
|---|---|--|
| *13. Sanctions to the write off of losses of stores/cash/infructuous expenditure. | Section Officer/AAO<br>Sr. AO/Audit Officer | Up to Rs. 10 lakhs<br>Beyond Rs. 10lakhs |
| 14. Sanctions for ex-gratia payments.   | Section Officer/AAO<br>Sr. AO/Audit Officer | Up to Re. 1 lakh<br>Beyond Rs.1 lakh     |
| 15. Appropriation/Re-appropriation of funds                                       | Sr. AO/Audit Officer                        |  |
| 16. Sanctions for advances from Contingency Fund of India                         | Sr. AO/Audit Officer                        |  |

\* Though losses are grouped separately as cash losses/stores losses and due to theft, fraud or neglect or otherwise but it has not been considered necessary to carry this distinction in fixing the level of acceptance as the sanctions are issued after detailed examination by the Government and are accompanied by a statement of the case. They also find a place in the Appropriation Accounts.

**CHAPTER- 27**  
**SYSTEM OF PROVISIONING CENTRAL AND  
 LOCAL PROVISIONING AND LOCAL PURCHASE**

**Provisioning of Stores & Equipments**

**510** (i) Defence preparedness and the operational efficiency of the Services depend, inter-alia, on the timely availability of the various systems, equipments and a wide array of Defence Stores. Timely availability of equipments and stores is ensured by a periodical provisioning review of the requirements either centrally or locally depending on the type of stores. In so far as Army is concerned the major and minor items of equipments and stores are stocked in the Store Depots as indicated below:

- |   |  |
|---|--|
| (a) Major and minor items of equipment and stores of Ordnance origin.           | Central Ordnance Depots<br>Central Vehicles Depots<br>Central Ammunition Depots. |
| (b) Medical Equipments & Stores.  | Armed Forces Medical Stores Depots and Blood Transfusion Centre.                 |
| (c) Food stuffs for troops and animals Hygiene Chemicals, F.O.L. Coal and coke. | ASC Supply Depots  |
| (d) Major and minor items of equipments & stores of Engineer origin.            | Engineer Store Depots.   |

(ii) Equipments and Stores are broadly divided into centrally provisioned items and locally provisioned items. The procedure followed in undertaking provisioning review and placing of indents in respect of the types of equipments, and stores referred to above is detailed below:

**(a) Ordnance Factories/Equipments.**

Major and minor equipments, vehicles and ammunition are normally classified as Class 'A' stores, Spares and accessories and items of General Stores and Clothing are classified as Class 'B' stores. Provision action in respect of Class 'A' stores is taken at Army Headquarters level (Stores Sections concerned of the Directorate General Ordnance Store while provision action in respect of Class 'B' Stores is taken by the concerned Central Ordnance Depot / Central Vehicle Depot. Provision action in respect of General Stores and clothing items is taken by DDG OS (GS&C) at Army Headquarters. Provision action in respect of Non explosive store items is undertaken by Central Ammunition Depot Pulgaon. Provision review undertaken, aims at assessing and reassessing liabilities and assets for the provision period to enable new/supplementary demands as necessary being placed on the various supplying agencies or reduction / cancellation of Dues-in. The various abbreviations and terms used in carrying out provision reviews are indicated in the annexure.

**(b) Provision of class 'A' stores.**

1. DG OS Technical Instruction NO.307 brings out the Standard Directive to be followed for provision review in respect of Class 'A' Stores. The aim of annual

provision review is to assess and reassess liabilities and assets for the provision period and to place new/ supplementary/reduction demands as necessary on the various supplying agencies. The annual Provision Review will cover a period of three to four years (four year period being adopted for items of recurring nature supplied by Ordnance Factories/Public Sector Undertakings) Requirements would be calculated separately for each of the period viz. Pre-operative period, Operative Period, Post Operative Period I and Post Operative Period II as prescribed. Requirement would cover the following features:

- A) Initial requirements of new raisings, deficiencies in UEs, various forecast requirements and other miscellaneous commitments.
- B) Maintenance requirements to provide replacements of wastage of equipments and vehicles which are likely to be rendered Beyond Economical Repairs
- C) Store Margin as prescribed
- D) Repair Pool as prescribed
- E) Various authorised reserves
- F) Dues out

2. These requirements which are liabilities would be offset against assets worked out from (A) Unit holdings and Depot Stocks (B) declared surplus and (C) Dues-in-to arrive at the resultant figure which might reflect deficiencies or surplus. The requirements would be worked out for each of the review period referred to above and action taken for obtaining financial concurrence and placing demands on the relevant sources of supply. Surplus if any revealed in the Provisioning Review relating to pre-operative period and operative period would be carried forward as assets to be taken into account in working out the requirement of operative period and post operative period-I respectively. In respect of surpluses, revealed as a result of review relating to Post Operative Period I & II action would be taken to cancel/reduce existing demand or referred to GS Branch for determining quantities to be retained for future use and quantities to be declared surplus, such decisions being taken with due financial concurrence.

3. Reviews would be programmed and undertaken for being referred to various authorities for concurrence in batches and for final demands being placed on relevant supplying agencies by target dates. Similarly repair programme in respect of vehicles and equipments duly concurred in by GS Branch, Ministry of Defence and Ministry of Defence (Finance) would be issued by 15th March each year with copies being forwarded to CODs concerned for requisite provision action of Class 'B' Stores.

#### **(c) Provisioning of Class 'B' Stores and Clothing & General Stores.**

1. The procedure to be followed by Central Ordnance Depots in respect of Class 'B' Stores, CAD Pulgaon in respect of non explosive stores items and DDG OS (GS&C) Army Headquarters in respect of General Stores and Clothing are outlined in DG OS Technical Instruction 040 The Central Ordnance Depots undertake the following types of reviews:

- A) Periodic Review carried out in respect of all items as per specified periodicity.
- B) Intermediate Review necessitated by initiation of review action slip and prompted by Dues out.

- C) Special Review carried out based on additional liabilities intimated after normal periodic review or based on any other special commitment or circumstances.

2. These reviews undertaken aims at achieving the following:

- A) Arrive at accurate Maintenance Figures in the light of past wastages and known factors like changes in commitments, trends of issues etc.
- B) Assess liabilities for the maintenance period, interim period prescribed and other commitments and compare the same with assets.
- C) Place demands on procurement agencies to cover the deficiencies revealed.
- D) Formulate Repair Programmes and finalise repair priorities.
- E) Assess surplus and initiate action for their adjustment by reduction / cancellation of dues-in, building up of reserve, retention/ disposal as necessary or permissible under rules.

3. Reviews undertaken will be based on data which will be provided by Army Headquarters (concerned stores section) other Central Ordnance Depots and other stock holding depots and stores sections, obtained prior to the commencement of the review cycle. Monthly Maintenance Figure, Annual Maintenance Figure or Fixed working proportion are worked out depending on the nature of issues and modification factors applicable to arrive at Review Action Figure and Provision Action Figures as prescribed. Based on liabilities worked out taking into account the initial requirements, total liability period requirement, dues out, Reserves, Overhaul and assembly programmes as well as fabrication commitments, requirement of other services, special requirements notified by Government and stores awaiting disposal, assets available with depots and dues-in, utilisation of surplus in overhaul programmes / for alternate use or declaring the same for disposal.

4. Provision of items of clothing and necessaries covered by life cycle concept as indicated in AI22/83 will be governed by instructions contained in Chapter 8 of DGOS Technical Instructions 040. The annual provision review aims at assessing liabilities based on requirements of maintenance, interim period and other commitments and placing demand to cover deficiencies revealed or initiate action for cancellation of dues in retention or disposal or recovery permissible under rules.

#### **(d) Provisioning of Medical Stores and Equipments**

1. DDG (E&S) in the office of the DGAFMS is responsible to the DGAFMS for the smooth supply of medical stores & equipments to various medical units and dependent organisations. Armed Forces Medical Stores Depot at Delhi Cantonment, Mumbai, Lucknow & Pune are the four Depots functioning under DGAFMS while AFMSD, Delhi cantt, Mumbai which supply medical stores and equipments to various units depending upon their location. AFMSD Pune caters for the supply of X-ray and electro medical equipment to all the units all over India. Transfusion stores and equipments are catered for by (A) AFMC (BTD) Pune (B) AFTC Delhi Cantt. and CEC TG Kolkata on a regional basis.

2. Provision Reviews are undertaken by the DDG (E&S) separately in respect of expendable items and non-expendable items on dates prescribed covering the requirement of period specified in the Standard Provision Review Directive. The review takes into account:

- A) Initial requirement aimed at taking into account new raisings, requirements necessitated due to change of scales / re-organisation allocation of addition beds etc. covering Armed Forces /Animals.
- B) Maintenance requirement for the provisioning period based on MMF arrived at and fixed by DG AFMS.
- C) Reserves and
- D) Special liabilities.

3. The requirement so worked out would be set off against assets consisting of (A) stockholdings as reflected in stock ledger cards of Holding Depots (B) Repairable Working stocks of non-expendable items and (C) Dues-in. The deficiencies would be procured in accordance with financial powers delegated under Government of India Ministry of Defence No. 34892/1/DGAFMS/DG-2(Plg.)/811/89/D(Med) dated 2.3.89 amended from time to time & financial power laid down in Ministry of Defence letter No.A/82591/FP-1/693/2002/D(GS-1) dated 22.4.2002 as amended from time to time. Surplus revealed would be retained or offered for disposal depending on the nature of stores (expendable, non-expendable, valuable and attractive or short life items) as indicated in the Standard Provision Review Directive.

**(e) Centrally purchased ASC Articles.**

1. Director General of Supplies and Transport of QMG's Branch of Army Headquarters (ST 6) is responsible for estimating, provisioning, distribution and control of stocks of all ration articles, common user items and petroleum oils and lubricant for the Armed Forces. Supplies are arranged through central purchase, local contract or local purchase. The items centrally provisioned by the QMG are arranged mainly through Army Purchase Organisation, DGS & D and Canteen Stores Department.

2. Estimates for various items of Central Purchase articles are worked out based on

- a) Free issues strength of three wings of the Services and other entitled forces taking into account anticipated raising and disbandment as intimated by the respective branches.
- b) Provisioning rates and scales
- c) Various authorised reserves
- d) Payment issue requirements
- e) Allowances for troops on leave and those who draw cash allowance in lieu of rations
- f) Demands of other services for items peculiar to them.
- g) Anticipated Losses

3. The estimates as approved by Ministry of Defence (Finance) are forwarded to procurement agencies but procurement agencies resort to purchase action only on receipt of firm indents which are placed after taking into account overall balances details of which are furnished to DGS & T by MGs ASC / BASC. Detailed procedure is indicated in Chapter VII of the Manual of ASC Training Volume II.

4. In respect of local contract items, contracts are sanctioned by QMG / Army Commander / Area Commander/ Sub Area Commander and are concluded by ASC Officers as brought out in Chapter33.

**(f) Procurement of Stores of Engineer Origin.**

Provision review of Category 'A' Engineer Stores of Engineer Origin is carried out in the Engineer Stores & Plants Directorate of E-in-C's Branch. The periodical review is carried out by working out the liabilities, assets and the net deficiency or surplus to indicate procurement action where necessary after obtaining approval of Ministry of Defence (Finance). The liabilities would be calculated based on (A) Unit Entitlement for the authorised Field Force and non Field Force of both Engineer and Non-Engineer units including Training Centres (B) Authorised Special T&P and sanctioned for Engineer Parks and ESDs (C) Maintenance (D) Peace Wastage,. (E) Store margin and (F) authorised reserves. Assets would cover unit holdings including repairable stock, static plant, E-in-C's stock including loan issues and Dues in.

- Note:
1. Category 'A' 'R' items are vital items for which there is a recurring demand and are mostly authorised to both Field Force and Non-Field Force units. These items are considered important from operational as well as training point of view and broadly fall under the heading 'The Bridging and Mechanical Equipment'
  2. Category 'A' - NR items. These are of non-recurring nature, which need not require periodical review. They are authorized to certain formations such as CME Training Centres and most of those items such as Timber, PBS, Huts, Electrical Cables and Transportation items which are also included in the reserve fall under this category.
  3. Recurring items require periodical review while the non- recurring items will be provisioned initially and afterwards *on as and when required basis*)

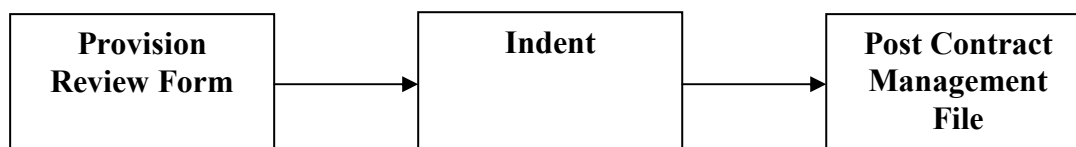
**(g) N.C.C**

Requirements of Clothing and Necessaries of NCC Cadets are reviewed by the DG NCC based on the strength of cadets and anticipated raisings of NCC units.

**Audit Procedure**

511 (i) The reviews carried out by various branches at Services Headquarters in respect of centrally provisioned items and indents placed with finance approval, as a result, as per directives issued with Government approval are scrutinised in audit by HQ office in the respective branches while reviews carried out by Central Ordnance Depots are scrutinised in audit during the normal local test audit of the Depots by the Command Offices.

**Flow Chart of documents to be scrutinized in various branches of Army HQ**



| Document              | Purpose   | Audit Points  |
|-----------------------|---|---|
| Provision Review Form | 1. It is a form on which data and calculation pertaining to provision review of an item are recorded for carrying out review of class A store at Army Hqrs. level and for Class B | 1. Whether provision has been made as per approved scales/rates?<br>2. In case of item procured previously, was there any variation or in consistency between the present and the previous procurement?<br>3. Whether periodical review |

|               |  |  |
|---------------|--|--|
|               | <p>stores at lower level.</p> <p>2. It serves as reference documents for all basic data and a working sheet for periodic reviews.</p> <p>3. Provision Review is under taken to assess and re-assess liabilities and assets for the provision period to enable new/ supplementary demands as necessary being placed on all the various supplying agencies or reduction / cancellation of Dues-in.</p> | <p>conducted bears a relation to the nature of stores i.e. slow and fast moving?</p>   |
| <p>Indent</p> | <p>It is a documents placed on the firm to supply the stores showing details such as name of item, drawing or specification number, A/U, quantity required, unit, rate, total cost, delivery schedule and consignee depot etc.</p>   | <ol style="list-style-type: none"> <li>1. Whether the specifications are as per user requirement?</li> <li>2. Whether all relevant cost has been taken into account and whether the price comparison of vendor has been done as per terms and conditions specified in the RFP?</li> <li>3. In case of addendum repeat order or procurement under option clause, whether the price charge was the same as charged in the original order?</li> <li>4. Whether the demand has been placed timely?</li> <li>5. Whether the demand has been placed with the approval of MOD (Fin) and indents linked with provision review?</li> <li>6. There should not be any delay in placing indents especially in respect of stores having a longer lead period.</li> <li>7. There should not be any delay in taking timely action to cancel/reduce the dues-in when surplus are revealed.</li> <li>8. There should not be any delay in taking action to review the requirements in the event of reduction in scales or circumstances warranting reduction of the requirements due to provision review.</li> </ol> |



|                               |  |  |
|-------------------------------|--|--|
|                               |  | 9. There is no delay in carrying out immediate reviews in respect of such stores only which have fallen short in stock or due to heavy dues-out and whether the periodicity of review conducted bears a relation to the nature of stores i.e. slow and fast moving items.  |
| Past Contract Management File | This file deals with the monitoring of contract till its completion. | <ol style="list-style-type: none"> <li>1. Whether there was a delay in opening of letter of credit?</li> <li>2. There should not be any over/under provisioning of stores.</li> <li>3. Whether the payment was made/book debit carried out accorded to the terms and conditions relating to payment and delivery schedule incorporated in the contract?</li> <li>4. Whether the penalty clause was enforced incase of delay in supply of stores?</li> <li>5. Whether JRI&amp;QA tests were conducted in time and stores accepted or rejected as per specification/quality provision laid down in the contract and replacement received free of cost?</li> <li>6. Whether the quality claim was raised in time?</li> <li>7. Whether item procured was utilized for the intended purpose?</li> </ol> |

The risks involved and audit checks to be applied are as under:-

|  | <b>Risks</b>                            | <b>Audit Checks</b>   | <b>Auditable Documents</b>  |
|--|---|---|---|
|  | Placing of demands without MOD approved | <ol style="list-style-type: none"> <li>(i) It is to be ensured that the demand are placed with the approval of MOD (Fin) and indents are linked with Provision review.</li> <li>(ii) The demands for new items and adhoc demands not covered by the provision review directive are to be placed after obtaining govt. sanction for the procurement of the same.</li> <li>(iii) It is to be insured that review directive issued with the approval of Govt. has been issued after</li> </ol> | <p>Indent</p> <p>Provision review form</p> <p>Provision review form</p> |

|  |                                       |  |  |
|--|---------------------------------------|--|--|
|  |                                       | reviewing the policy in regard to the reserve etc. and that provisions made therein are reasonable.  |  |
|  | Delay                                 | <ul style="list-style-type: none"> <li>(i) There should not be any delay in placing indents especially in respect of stores having a longer lead period.</li> <li>(ii) There should not be any delay in taking action to cancel/reduced the dues-in when surplus are revealed.</li> <li>(iii) There should not be any delay in taking action to review the requirements in the event of reduction in scales or circumstances warranting reduction of the requirements due to provision review.</li> <li>(iv) There is no delay in carrying out immediate reviews in respect of such stores only which have fallen short in stock or due to heavy dues-out and whether the periodicity of review conducted bears a relation to the nature of stores i.e. slow and fast moving items.</li> </ul> | <p>Indents</p> <p>Provision Review Forms</p> <p>Provision Review Form</p> <p>Provision Review Form</p> |
|  | Over provisioning                     | <ul style="list-style-type: none"> <li>(i) it is to be ensured that surplus revealed has not arisen due to regular purchases and hasty discard.</li> <li>(ii) Any abnormally high special issues made for unforeseen commitment and special issues of recurring nature are to be examined and commented upon.</li> </ul>   | <p>Post Contract Management File</p> <p>Post Contract Management File</p>                              |
|  | Injudicious assessment of requirement | <p>It is to be ensured;</p> <ul style="list-style-type: none"> <li>(i) That maintenance figures have been correctly worked out for making provision?</li> <li>(ii) That the requirement has been correctly worked out in accordance with the provisions of the approved review directive w.r.t applicable factor i.e. recurring consumption, dues-out, maintenance requirement, modification factors authorized review, stocks and Dues-in.</li> </ul>   | <p>Provision Review Form</p> <p>Provision Review Form</p>  |

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|  |  | <p>(iii) That the alternative items which can be issued in lieu of one another are to be grouped together before placing a demand.</p> <p>(iv) That in case of costly and permanent items the demand should not be placed on the basis of mere arithmetical calculations but with due regard to realistic future requirements.</p> <p>(v) That the demands for the indigenously available stores should not be placed abroad.</p> <p>(vi) That the modification factors / wastage rates fixed should be in accordance with the policy laid down.</p> | <p>Provision Review Form</p> <p>Provision Review Form</p> <p>Indent</p> <p>Provision Review Form</p>   |
| <b>In depot provisioned items additional risks involved and audit checks to be exercised</b> |  |  |  |
|  | Injudicious assessment of requirement                  | <p>It is to be ensured ;</p> <p>(i) that the actual stock including command and disposal stocks held have been taken into account.</p> <p>(ii) that maintenance figures arrived at are realistic</p> <p>(iii) that stores that are earmarked for specific purposes are also taken into account.</p> <p>(iv) that special adhoc issues are not taken as normal issues</p> <p>(v) that wastage rates adopted are as per laid down policy and are realistic.</p>  | <p>Provision Review Form</p> <p>Provision Review Form</p> <p>Provision Review Form</p> <p>Provision Review Form</p> <p>Provision Review Form</p> |
|  | Non conducting of timely review                        | <p>It is to be ensured;</p> <p>(i) that the periodicity of review conducted bears a relation to the nature of stores (i.e.) slow and fast moving items.</p> <p>(ii) that Intermediate reviews are undertaken only in respect of such stores which have fallen short in stock or due to heavy dues-out.</p>   | <p>Provision Review Form</p> <p>Provision Review Form</p>  |
|  | Unnecessary provision/provision without back-up spares | <p>(i) that initial Stocking Guides are available in respect of new equipment introduced, as non availability thereof leads to holdup of provision action resulting in holding of the equipment by units/ formations without necessary spares back up.</p>   | <p>Post Contract Management File</p>   |

|  |                                     |   |  |
|--|-------------------------------------|---|--|
|  |                                     | (ii) that provisioning of stores for equipment back loaded by Field Workshops as BER are not later declared BLR resulting in unnecessary procurement.   | Post Contract Management File  |
|  | Provision of stores of all time buy | (i) that the equipment / vehicle being purchased is likely to become obsolescent / obsolete in the country of origin.<br>(ii) that the production of stores for the equipment is likely to be stopped due to change over to different type / design.<br>(iii) that it is considered advisable to procure the spares for the imported equipments in bulk.  | Provision Review Form<br><br>Provision Review Form<br><br>Provision Review Form              |
|  | Miscellaneous                       | (i) that indents are linked with PRF to ensure that there is no-duplication of indents for one and the same item.<br>(ii) that there is no delay in placing indents especially in respect of stores having long lead period, as delay would affect programme of repair/ overhaul by dependent Army Base Workshops.<br>(iii) that surplus / deficiencies revealed during stock taking subsequent to placement of indents should be checked to verify whether action has been taken to off set such surplus / deficiencies.<br>(iv) that PRFs showing continued plus balances should be selected for detailed scrutiny to find out reasons for over provisioning or lapses on the part of Depot authorities/Army Headquarters / or lacuna in the working out method or in the procedure / directive.<br>(v) In the event of continued Dues-out, connected PRFs should be analysed to find out any failures / lapses in provisioning and whether such under provisioning had affected the repair / overhaul programme. | Indent<br><br>Indent<br><br>Indent<br><br>Provision Review Form<br><br>Provision Review Form |

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|  |  | <p>(vi) Cases of under provisioning should be linked to resultant local purchases resorted to if any. Local purchase rates should be compared with Central Purchase rates to highlight consequent financial effects thereof.</p> <p>(vii) Supply Orders, especially CPO Supply Orders should be scrutinised in detail to find out the continued existence of the requirement of the stores and materialisation of the orders in time.</p> | <p>Post Contract Management File</p> <p>Indent</p> |
|--|--|---|--|

### Procurement of Stores

**512** (i) Various purchase agencies dealing with purchase of Defence Stores are:

- (a) Technical committees for developmental stores
- (b) Ministry of Defence / Services Headquarters for items exclusive for Defence.
- (c) DGS & D /DGISM for common utility items not exclusive to Defence
- (d) Army Purchase organisation for ASC articles (food stuffs only).
- (e) New Defence Procurement Organisation has been established in 2001 to deal with acquisition comes in the Capital Account. This consists of an over arching structure of Defence Acquisition Council under the Raksha Mantri. The procedure laid down in Defence Procurement Procedure-2002 (Version Jan 03) would be applicable to items costing Rs.20 crores & above in Defence Procurement procedure 2002 (version June 2003).

(ii) Items exclusively required for Defence are categorised as:

- (a) Items which are of a developmental nature (An item is considered 'developmental' until at least two successive purchases are made and at least two sources are fully established).
- (b) Items which are not of developmental nature and
- (c) Items which are to be procured exclusively from the Ordnance Factories and/or Defence Public Sector Undertakings.

(iii) Items at (ii) a) above are handled by the Technical Committees Department of Defence Supplies. Items at (ii) b) above are processed by Service HQrs. and lower formations through Tender Purchase Committees (as detailed in Govt. of India, Ministry of Defence, Dept. of Defence Supplies OM No.7(67)/73/D(S-II) dated 18.3.90 as amended) with the frame work of delegated financial powers. Indents for items falling under (ii) c) above would be placed by the Services directly on the nominated OFs/Defence PSUs.



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|  |  | have finalised their contract.  | Indent |
|  |  | vi) that rate running contracts are concluded by appropriate TPC in respect of items of repetitive nature based on annual requirements. |        |
|  |  | vii) that risk purchases, if resorted to, are affected within the stipulated period from the date of breach.                            | Indent |

### **Procurement from Ordnance Factories / Public Sector Undertakings**

**515** Indents/Orders placed on Ordnance Factories/Public Sector Undertakings should be scrutinised and procurement against delivery schedule should be examined to verify whether the Ordnance Factories / PSUs have been able to supply the requirements as specified and whether delay in supply / failure on the part of Ordnance Factories / PSUs to supply the requirement had resulted in any financial repercussions and had necessitated imports to meet requirements of Services.

### **Procurement through Central Purchase Organisations**

**516.** Indents for common utility items not exclusive to Defence beyond the powers of local purchase are placed duly vetted by AHSP on Central Purchase Organisations / ISMs for procurements in India or from foreign countries. While the A/Ts placed by the concerned procurement agency would be audited by the audit officer of the agency concerned; the procurement is subjected to examination by statutory audit. The risks involved and audit checks to be applied are as under:-

|  | <b>Risks</b>  | <b>Audit Checks</b>   | <b>Auditable Documents</b>   |
|--|---|---|--|
|  | Improper Specification  | (i) whether the specifications for stores required have been clearly spelt out and whether the quotations given by the intending suppliers are strictly in accordance with the nomenclature of stores specified?<br>(ii) whether the stores supplied are as per specifications and are in good condition and ATs/SOs provide for inspection of stores at consignee's end? | Indent<br><br>Post Contract Management File                        |
|  | Receipt of defective stores and replacement or recovery thereof | (i) whether stores rejected in standard check by the Inspecting authority have been communicated to the suppliers within the stipulated time of 60 days and replacements obtained or advances made on proof of dispatch recovered?<br>(ii) whether stores that have become defective within the warranty period have been rectified or                                    | Post Contract Management File<br><br>Post Contract Management File |

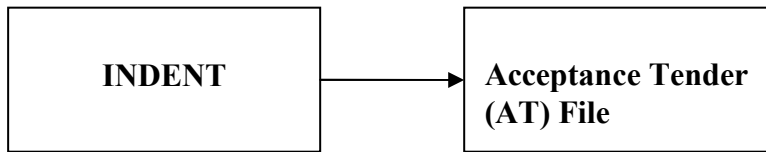
|  |                     |   |  |
|--|---------------------|---|--|
|  |                     | adequate compensation recovered for the defects noticed?<br>(iii) whether defective supply particularly in respect of stores procured from abroad are immediately brought to the notice of the procurement agency?  | Post Contract Management File  |
|  | Miscellaneous Risks | (i) whether proposals for procurement of stores / equipments including price escalation are referred to appropriate finance for concurrence?<br>(ii) whether procurement of equipments as part of modernisation are got examined at users end to ensure that the intended objective had materialized?<br>(iii) whether local purchases resorted had not resulted in extra expenditure due to higher rates of procurement?<br>(iv) whether contracts concluded for procurement, erection and commissioning based on orders placed by the Central Purchase Organisation are executed in time?<br>(v) whether the procurement cost of the item to be procured from trade and the unit cost of procurement compares favourably with that of the cost of production in Ordnance Factories? | Indent<br><br>Post Contract Management File<br><br>Post Contract Management File<br><br>Post Contract Management File<br><br>Post Contract Management File |

### **Procurement of ASC Articles by Army Purchase Organisation**

**517.** (i) The Army Purchase Organisation under the Ministry of Defence is responsible for the purchases and procurement of various items of foodstuffs and tinned items for Defence Services as entrusted to them in accordance with indents received from the QMG's Branch Army HQrs. duly certified for financial concurrence. Purchases are resorted to by this organisation as per orders on Purchase Procedure issued from time to time which include provision for negotiation, counter offers etc. levy and recovery of liquidated damages, extensions of delivery, conclusion of Risk Purchase Contracts etc. Payments for purchase arranged by the APO is made by the PCDA (HQrs.).



### Flow Chart of documents to be scrutinized in Army Purchase Organisation



| Document                    | Purpose  | Audit Points  |
|-----------------------------|--|---|
| Indent                      | The consolidated indent for Dry Ration for human being and animal ration as well as tinned ration for the entire Army, Navy and Air Force as a whole for the particular year is received from ST-3 & ST-4 Branch of the DGST of AHQ in APO every year in advance for making procurement of the ration. | <ol style="list-style-type: none"> <li>1. There should not be any abnormal variation with reference to last year's demand and if there is any such variation, the same is to be examined.</li> <li>2. The provision of special items of ration should not be made for unauthorized areas.</li> <li>3. The quantity shown in the indent should be with reference to the strength and not mere arithmetical calculation. The surplus ration held should be taken into account and there should not be any scope for over and under provisioning.</li> </ol> |
| Acceptance Tender (AT) File | Based on indent, APO concludes AT for the supply of ration articles viz. Dry Ration, Tinned Ration and Special Ration ie. Dry Fruit etc. by calling for tenders from the suppliers, cooperative federations and govt departments etc. The ATs is monitored till successful completion of supplies.     | <ol style="list-style-type: none"> <li>1. It is to be ensured that the accepted rates are lowest and reasonable.</li> <li>2. There should be proper competition to achieve reasonable rates.</li> <li>3. The terms and conditions of the AT should be clear and there should not be any room for ambiguity or misconstruction therein.</li> <li>4. It should be ensured that the full quantity ordered has been supplied.</li> </ol>  |

The risks involved and audit checks to be applied are as under:-

|  | Risks  | Audit Checks   | Auditable Documents                                  |
|--|--|--|--|
|  | Irregularities in tendering and acceptance of higher rates | It is to be ensured ;<br>(i) that purchases are arranged by resorting to tendering and lowest valid offer is accepted.<br>(ii) that negotiations are resorted to | Acceptance Tender File<br><br>Acceptance Tender File |

|  |  |  |   |
|--|--|--|---|
|  |  | <p>when it is observed that free competition does not exist as per instructions issued on the subject.</p> <p>(iii) that in accepting the offers, the last purchase rates and rates ascertained by Market Research cell are taken into account and counter offers with due approval are resorted to when rates obtained are considered unreasonably high.</p> <p>(iv) that offers from Co-Operative Societies are considered and purchases arranged from them after due negotiation to bring down their rates in case where their rates are higher than the lowest rates as per instructions on the subject.</p> <p>(v) that approval of the appropriate authorities are taken in concluding contracts, holding negotiations or making counter offers.</p> <p>(vi) that contracts are concluded as per prescribed procedure and as per general conditions laid down which include provision for levy of liquidated damages in the event of slippages in delivery schedule and any reduction in the levy of liquidated damages as approved by the appropriate authority is justified.</p> | <p>Acceptance Tender File</p> <p>Acceptance Tender File</p> <p>Acceptance Tender File</p> <p>Acceptance Tender File</p> |
|  | Irregularities in Execution of contracts | <p>(i) that while granting extension of delivery period, any increase due to imposition of any additional duties by Government is not allowed.</p> <p>(ii) that in the event of fall in market prices when extension is sought, price reduction is insisted.</p> <p>(iii) that risk purchases where arising are resorted to within the stipulated period of 12 months and claims on their account are made in time as brought out in APO Administrative circular 127/91 dt.11.10.91.</p>   | <p>Acceptance Tender File</p> <p>Acceptance Tender File</p> <p>Acceptance Tender File</p>                               |

|   |  |                        |
|---|--|------------------------|
| Non-recovery from the defaulting contractor | (i) that in the event of failure, leading to risk purchase contracts, whether recoveries arising have been effected.   | Acceptance Tender File |
|   | (ii) cases where recoveries have not been made, details of such cases be collected for being highlighted in the Report of the CAG, Union Govt. Defence Services. | Acceptance Tender File |
|   | (iii) slippages in delivery schedule necessitating local purchase causing extra expenditure should be got collected for being highlighted.                       | Acceptance Tender File |

### Local Purchase

**518.** Local Purchases are resorted to by lower authorities as per powers vested in them under FR Part I as amended or specific orders issued by Government from time to time. During audit of local purchase orders the risks involved and audit checks to be applied are as under:-

|  | Risks   | Audit Checks  | Auditable Documents                                  |
|--|---|---|--|
|  | Ordnance stores holding establishment   | It is to be ensured; that local purchases by Ordnance stock holding establishments are made as per instructions contained in DGOS Technical Instructions 014 and Government of India Ministry of Defence letter No. F5(3)/ 79 / D(O-I) dated 26.7.80. | Local Purchase documents                             |
|  | Procurement without ascertaining availability from the mother depot and non utilization of stores | (i) that local purchases resorted to by units / formations are supported by nonavailability certificates from dependant stock holding depots.<br>(ii) that stores locally purchased are properly utilised in time.                                    | Local Purchase documents<br>Stock ledger             |
|  | Procurement at higher rates   | (i) that local purchase rates are generally comparable with the Central Purchase rates.<br>(ii) that repeat Orders are placed wherever necessary to achieve utmost economy in procurement of stores   | Local Purchase documents<br>Local Purchase documents |
|  | Non conclusion of ASC regular contract  | that in the event of non conclusion of regular contracts of ASC articles, short   | Short term agreements and Local Purchase documents   |

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|  |  | term agreements are concluded with a view to ensuring financial economy in local purchase instead of piecemeal local purchase. |  |
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For Audit of Provision of ASC Articles Chapter 33 of this manual should be seen.

**ANNEXURE – ‘A’**  
**Definition of Termology**

|                              |  |
|------------------------------|--|
| Annual Review                | The process of comparing assets with liabilities for an item annually with a view to determining surplus or a deficiency.  |
| BLR Rates                    | The average number of equipments / vehicle rendered beyond local repair during the past few years and expressed as percentages.  |
| Centrally Stocked Items      | Items centrally stocked in a Central Ordnance Depot because the All India maintenance and reserve stocks are too small to permit dispersal of stocks in Ordnance Depot Base/Advance Base Depots and FODs.  |
| Class 'A' Stores             | Usually main equipments, the liability for which consists of UEs plus maintenance requirements assessed on the basis of a fixed percentage wastage for unit entitlements plus policy reserves ordered by higher authorities.                     |
| Class 'B' Stores             | Items related to main equipment and items of General Stores and Clothing, the provision of which is based on scales or issues experience.  |
| Contact Rates                | The average number of equipments vehicles wasted out during previous operations in the circumstances of a force in contact with enemy and expressed as percentages.  |
| Dues in                      | Stores due for delivery to a depot in response to issue instructions, demands on other depots, central purchase organisation, DGOF, or abroad.   |
| Dues out                     | Stores owing to a unit or establishment from a depot which are not available for issue from stocks in that depot.  |
| Earmarks                     | Stores held under specific authority, which may only be issued in accordance with the instructions of that authority,  |
| ENI                          | Expression used to indicate equipments/ store and components thereof which have not been formally introduced into the Service irrespective of whether stocks are held or not.  |
| Fixed Work Proportions (FWP) | A minimum quantity fixed to be provided to meet any probable calls on stocks during the provision period, in cases where the issues are so fluctuating from month to month or year to year that a true maintenance figure cannot be established. |
| Greatest Number Out          | The greatest number of any particular item rendered non effective in anyone month during the twelve  |

|                         |  |
|-------------------------|--|
|                         | months preceding the date of review, due to issues on loan/ hire or repair in the Returned Stores Sub-Depot. It excludes normal issues to replace condemnations. This figure generally ascertained for items required for camps such as tentage/ chest SA for issue of arms.   |
| Initial Requirements    | These requirements of stores resulting from increases to scales, raising of new units or introduction of a new item. They are calculated by multiplying the scales for an item by the number dependent.  |
| Interim Review          | The process of comparing assets with liabilities for an item with a view to determining surplus or deficiency in between the annual reviews.   |
| Interim Period (IP)     | Represents the estimated average period in months, which elapses between the date of placing of demand by the provision authority and the physical receipt of stores in the consignee establishment.   |
| Intermediate Review     | A review conducted in between the dates of two periodical reviews.   |
| Liability               | All calls that have been or are likely to be made upon stocks.   |
| Maintenance Demand      | A demand placed at the time of provision review to meet the anticipated normal issues during the period for which provision is being made.   |
| Maintenance Figure(MF)  | A figure expressed as an actual quantity of stores which represents the estimated / calculated requirements of an item for a fixed period, either a month (monthly maintenance figure) or a year (annual maintenance figure). It is usually based on past average issues as modified by any known factor/ factors governing future requirements e.g. increase/ decrease in the number of equipments or troops. |
| Maintenance Period(MP)  | The period, in months laid down at policy level which represents working stock for normal maintenance.   |
| Maximum Stock Potential | This represents the estimated (MSP) maximum requirements. It is equal to :<br>(a) In an Ordnance Depot Maintenance period + interim period + Store Margin<br>(b) In a Central Ordnance Depot Maintenance period+ Interim period (if authorised)+ Store Margin+ Reserves  |
| Operative Period(OP)    | The second financial year following the date of stock details, related to an annual review.  |
| Post Operative Periods  | The third and the fourth financial years following the date of stock details related to an annual review.  |

|                                |   |
|--------------------------------|---|
| Pre- Operative Periods         | The period between the date of stock details and the end of the next financial year.  |
| Provision Action Figures (PAF) | A pre- determined figure for judging the soundness of the provision of an item. It is equal to :<br>(a) In an Ordnance Depot Store Margin + Interim Period+ Earmarks + Reserves<br>(b) In a Central Ordnance Depot - Stores Margin + Interim Period + Earmarks + Reserves   |
| Provision Factor               | The multiplication factor, expressed in months/ years or fractions thereof, which is applied to the monthly maintenance figure/ annual maintenance figure to obtain the liability in respect of the maintenance period + Store Margin + Interim Period, where authorised.   |
| Provision Review Form (PRF)    | A form on which data and calculations pertaining to provision review of an item while carrying out review of a Class B item at a Command Depot, COD or Army HQ Central Provision Cell. The reverse of the form used in a COD / Army HQ Central Provision Cell presents a working sheet for recording provision data by establishment and for carrying out detailed provision calculations. The obverse of the form gives all the detailed particulars with regard to the status of the item and other information relevant to provisioning. In addition the consolidated figures are transcribed from the reverse on to the obverse. This form is a permanent record of provision work and is subject to financial check. |
| Review Action Figure (RAF)     | (a) Pre-determined stock levels(s) at which the provision position of an item is to be reviewed.<br>(b) This level is endorsed on account cards so that posters may initiate a Review Action Slip when the stock has reached the Review Action Figure. It is equivalent to :..<br>(i) In an Ordnance Depot (aa) 1st RAF=SM+ EM (Flag Colour Red)<br>(bb) 2nd RAF=EM(Flag Colour Black)<br>(ii) In a Central Ordnance Depot<br>(aa) 1 st RAF=SM+EM+Res (Flag Colour Blue)<br>(bb) 2nd RAF=EM+Res (Flag Colour Red)<br>(cc) 3rd RAF=EM(Flag Colour Black)   |
| Store Margin (SM)              | The period in months laid down at policy level, which represents a quantity of buffer stock to ensure against contingencies e.g. delay in obtaining stores from sources of supply or increased rate of issues.  |

**CHAPTER- 28**  
**GENERAL INSTRUCTIONS FOR THE LOCAL TEST**  
**AUDIT OF UNITS AND FORMATIONS**

**General**

**519.** (i) This chapter deals with the general instruction & practices to be observed in regard to audit of expenditure, receipts, stores & stock of Defence Services establishments scattered all over India. The directions provided in this chapter are by no means exhaustive nor is it the intention that they should be taken as limiting the scope of audit rigidly to the lines indicated therein. It is considerably importance that the audit checks prescribed should be observed in spirit and not merely in the letter.

(ii) The primary function of local test audit is to apply a test audit to such accounts and vouchers as are not audited in the Central Office or cannot be completely audited except in local audit and to see that the initial documents, *from* which the bills and accounts rendered by the local officers are compiled, or on which they are based, are properly maintained. The officer and staff conducting local test audit must have a general knowledge of the functions of the unit or formation visited, in order to enable him to assess the relation between their functions and financial procedure and to appreciate the use of various records maintained by the unit and the nature of transactions dealt with therein. He should make it a point to discuss any matter of doubt with the commanding or other responsible officer so that the factual position is fully understood. He should, by arrangement with the executive, see *for* himself, the arrangement relating to storage, receipt, issue and disposal of stores, mustering of labour, disbursement of money, safety of government property etc., to ensure that they are fool proof and fully protect the interests of the Government.

(iii) This chapter also prescribes the main processes of audit, which the local test audit staff has to apply in respect of such types of accounts as are common to all units and formation, such as cash accounts, stores accounts, service documents, railway warrants credit notes, and payment in respect of industrial establishment employed in formations where applicable. Instructions contained herein are not meant to be exhaustive and the auditor must bring his knowledge and experience to the application of these instructions. The auditor should also observe the general instructions in Chapter 10 of this Manual in so far as they are applicable and study, inter alia the following Codes or Regulations:

- (a) Financial Regulation Parts I & II and appendices thereto
- (b) Defence Service Regulations, Regulations *for* the Army Vol I and II
- (c) Equipment Regulations
- (d) Army Local Audit Manual Part I and II
- (e) Notes on the prevention of Fraud
- (f) Store Accounting Instructions.
- (g) Section I & Chapter I of MSO(Audit) Revised 2002.

(iv) Accounts which are peculiar to various types of units and formations have not been dealt with in this Chapter. Instructions relating to such accounts will be



found in other Chapter which deal with different types of functional units and formations.

**(v) Planning steps to be included in an audit**

The following planning steps are normally included in an audit:-

- (a) collect information about the audited entity and its organization in order to assess risk and to determine materiality;
- (b) define the objective and scope of the audit;
- (c) undertake preliminary analysis to determine the approach to be adopted and the nature and extent of enquiries to be made later;
- (d) highlight special problems foreseen when planning the audit;
- (e) prepare a budget and a schedule for the audit;
- (f) identify staff requirements and a team for the audit; and
- (g) familiarise the audited entity about the scope, objective and the assessment criteria of the audit and discuss with them as necessary.

(vi) The study and evaluation of internal control should be carried out according to the type of audit undertaken. In the case of a regularity (financial) audit, study and evaluation are made mainly on controls that assist in safeguarding assets and resources, and assure the accuracy and completeness of accounting records. In the case of regularity (compliance) audit, study and evaluation are made mainly on controls that assist management in complying with laws and regulations. In the case of performance audit, they are made on controls that assist in conducting the business of the audited entity in an economic, efficient and effective manner, ensuring adherence to management policies, and producing timely and reliable financial and management information.

**(vii) Compliance with Applicable Laws & Regulations**

In conducting regularity (financial) audits, a test should be made of compliance with applicable laws and regulations. The auditor should design audit steps and procedures to provide reasonable assurance of detecting errors, irregularities and illegal acts that could have a direct and material effect on the financial statement amounts or the results of regularity audits. The auditor also should be aware of the possibility of illegal acts that could have an indirect and material effect on the financial statements or results of regularity audits.

**(viii) Illegal Acts**

The auditor also should be alert to situations or transactions that could be indicative of illegal acts that may indirectly impact the results of the audit. When audit steps and procedures indicate that illegal acts have or may have occurred the auditor needs to determine the extent to and which these acts affect the audit results. In conducting audits in accordance with this standard, the auditors should choose and perform audit steps and procedures that, in their professional judgment, are appropriate in the circumstances. These audit steps and procedures should be designed to obtain sufficient, competent and relevant evidence that will provide a reasonable basis for their judgements and conclusions.

**Internal Check by the Defence Accounts Department**

**520.** (i) The Internal Check exercised by the Defence Accounts Department

falls into 3 categories:

- (a) Audit by the Unit Accountant / Stationary Local Auditor where posted.
- (b) Audit by the Local Audit Officer /Regional Audit Officer and staff.
- (c) Review by Superior Service Officer of the Defence Accounts Department.

(ii) The Unit Accountant's / Stationary Local Audit Officer's audit is mainly concerned with:

- (a) Exercising a preliminary check on all accounts, bills and vouchers that may be prepared by him or submitted through him.
- (b) Checking the title to free rations.
- (c) Linking receipt vouchers of stores received from other units with corresponding entries in the store ledgers or returns of the unit.

(iii) The Local Audit Officer / Regional Audit Officer has to exercise a test check on the Unit Accountants / Stationary Local Auditor's audit. He has to inspect the cash and stores accounts and verify the cash balance by actual counting in the *case* of units/formations whose accounts are not subject to audit by Quarterly Audit Boards and also where the cash balance is heavy. In other cases he may verify the balance by actual counting if the accounts are considered to be unsatisfactory. The Defence Accounts Department is not to assume responsibility except where specially authorised to do so, for the physical verification of stores but it will see that stock verification as laid down in the various departmental regulations are recorded periodically by a responsible authority of the Defence Services, that the system of verification adopted is adequate and proper, that discrepancies found in stock taking are properly investigated and adjusted and that wherever possible, the staff responsible for the verification is independent of the staff which is responsible for the physical custody of the stock or for keeping accounts of it. This does not, however, preclude the Defence Accounts Department from carrying out a physical verification of stores at any time wherever such verification is considered necessary by that Department.

(iv) The audit of stores transactions is ordinarily conducted by the local audit staff once in a quarter (half yearly in the case of certain smaller units). In the cases of Supply and Store Depots, to which local audit staff is attached, the audit is conducted on a monthly basis. The inspection of cash and public fund accounts by the Local/ Regional Audit Officer is usually carried out half yearly or once a year according to the type of unit. At these inspections the Local Audit Officer / Regional Audit Officer has also to scrutinise generally, railway warrants, credit notes, service books of Civilian staff and officers.

(v) The work of the Unit Accountant / Stationary Local Auditor and the Local/ Regional Audit Officer is periodically reviewed by a Superior Service Officer of the Defence Accounts Department detailed by the Controller of Defence Accounts for the purpose.

## **Scope of Audit**

### **General Examinations of the Internal Organisation and Accounting system of Unit;**

**521.** It is essential that members of Test Audit Staff should have a general knowledge of the organisation and functions of the unit or formation visited in order

that they may be in a position to assess the relations between these and the financial accounts of the unit.

### **Audit Evidence**

**521(i)** The audit findings, conclusions and recommendations must be based on evidence. Since auditors seldom have the opportunity of considering all information about the audited entity, it is crucial that the data collection and sampling techniques are carefully chosen. When computer based system data are an important part of the audit and the data reliability is crucial to accomplishing the audit objective, auditors need to satisfy themselves that the data are reliable and relevant. Auditors should have a sound understanding of techniques and procedures such as inspection, observation, enquiry and confirmation to collect audit evidence.

Auditors should adequately document the audit evidence in working papers, including the basis and extent of the planning, work performed and the findings of the audit.

Adequate documentation is important for several reasons. It will:

- (a) confirm and support the auditor's opinions and reports;
- (b) increase the efficiency and effectiveness of the audit;
- (c) serve as a source of information for preparing reports or answering any enquiries from the audited entity or from any other party;
- (d) serve as evidence of the auditor's compliance with Auditing Standards;
- (e) facilitate planning and supervision;
- (f) help the auditor's professional development;
- (g) help to ensure that delegated work has been satisfactorily performed; and
- (h) provide evidence of work done for future reference.

The auditor should bear in mind that the content and arrangement of the working papers reflect the degree of the auditor's proficiency, experience and knowledge. Working papers should be sufficiently complete and detailed to enable an experienced auditor having no previous connection with the audit subsequently to ascertain from them what work was performed to support the conclusion.

(ii) The reporting standards are at the end of each audit the auditor should prepare a written opinion or report, as appropriate, setting out the findings in an appropriate form; its content should be easy to understand and free from vagueness or ambiguity, include only information which is supported by competent and relevant audit evidence, and be independent, objective, fair and constructive.

### **Stores and Stock Account**

#### **522. (i) Audit Objectives & Scope**

The stores and stock accounts form part of the initial and subsidiary accounts of the departments and audit thereof is consequently conducted locally. The audit of the accounts of the stores and stock shall be directed towards ascertaining that the departmental regulations governing purchase, receipt and issue, custody, condemnation, sale and stock verification of stores are well devised and implemented. Audit should bring to the notice of the govt. any important deficiencies in quantities of stores held or any grave defects in the system of control.

(ii) During local test audit of various units and stores depots, instructions contained in para 2.4.5, 2.4.8 & 2.4.10 of MSO (Audit) revised 2002 read with Appendix 2 to Audit Code should be borne in mind.

(iii) The accounting system of the unit or formation visited should be examined to see:

- (a) that the accounts which emanate from facts are maintained in such a manner as to facilitate detection of the omissions and irregularities and
- (b) that there are no loop-holes for fraud and malpractices in the accounting system of accounting followed by units or formations of the same category should be brought out.

**523.** (i) With a view to ensuring direction and effective audit, supervision by supervising officer should be programmed as prescribed for the type of formation subjected to test audit.

(ii) It is most desirable for audit to assist the executive officers by inviting particular attention to the irregularities in accounts or financial arrangements which suggest or are likely to facilitate frauds or waste. In doing this a wise judgement must be exercised and it is desirable that communication of this nature to the executive officers should be dealt with at as high a level as possible. Inspecting Officer should, therefore, invariably discuss important points raised during audit inspections with the executive for elucidation wherever possible.

(iii) If the executive authorities request the advice on accounts or audit matters, such advice may be given informally. On matters which require an official reference by the executive to the Controller of Defence Accounts the Officer conducting test audit and his staff should refrain from recording any opinion which is likely to be quoted as an authority in the reference to the CDA and which may embarrass him while giving a decision in the matter.

(iv) Where a decision given by the Controller of Defence Accounts is not acceptable to audit the matter should be taken up through official correspondence in the usual manner.

(v) Audit is generally restricted to accounts, records and documents bearing on accounts/ matters and effective working of the units/formations but the officer conducting audit may raise an objection on the basis of personal observation of facts that may come to notice during the course of his visit provided he uses his discretion in all cases of this nature and the provisions of paragraph 2.1.10 of MSO (Audit) are not infringed. Audit should confine itself to calling upon the executive to furnish any information and in cases of difficulty; it should confer with the executive as to the best means of obtaining the evidence which is required.

(vi) The internal check procedure should be scrutinised in audit to see that it is efficient and as such can ensure the detection of any errors or irregularities that may exist. In cases of units or formations that are inspected annually, Audit should see whether the frequency of audit is adequate.

(vii) It should also be seen that the procedure prescribed is actually followed and that the accounts checked by the local audit staff are attested by them in token of their having done so.

## **Scrutiny of objections raised by the staff of the Defence Accounts Department**

**524.** (i) Before commencing local test audit of a unit/formation the local audit objection statements and the inspection reports of the Local/Regional Audit Officer on the accounts of Units selected should be generally scrutinised to see:

- (a) that the objections have been pursued properly and settled only on receipt of satisfactory explanation.
- (b) that objections of a very important nature or involving financial irregularities on the part of the Unit have been reported by the Local/Regional Audit Officer to the CDA.
- (c) that the objections closed by the Controllers at their discretion without consulting administrative authorities were merely technical and
  1. that the items had no financial implications
  2. that the items did not disclose any inherent defect of procedure and
  3. that the items are not persistent and recurring
- (d) that the amount waived as irrecoverable by the CDA had been written off only after adequate steps, commensurate with the amount involved, had been taken and the amount had proved to be irrecoverable.

## **Test checks of Scheduling and Linking of vouchers in Local Audit Offices**

**525.** The audit of store accounts consists mainly of linking the receipt and issue transactions in the respective ledgers or Account Cards of units/formations concerned by the Local/ Regional Audit Officers of the Defence Accounts Department. It should be ensured in test audit that the vouchers in respect of issues from a depot etc. have been duly scheduled by the LAO of the issuing depot etc. to the Local/Regional Audit Officers of the consignee depots / units etc. and acknowledged by the latter and that there is evidence to show that the Local/Regional Audit Officers of the Consignee depots have linked the transactions in local audit.

(DADS No. 5272/B-Stores /49/52 30.1.53)

**526.** Command Officers may at their discretion pay surprise visits to hospitals, depots etc. to look into some specific points which they consider to be important but the provision of Audit and Accounts order should be kept in view and inconvenience to the offices concerned should be avoided.

## **Extent of Test Audit**

**527.** (i) The initial accounts of units and formations, are subjected to test audit to the extent prescribed by the Director General of Audit. All documents (except Service Books and Contracts) subjected to audit should be enfacéd with the word 'Test' and initialed by the auditor. A list of service books, contracts and supply orders examined should be kept in the objection statement file. Supervising GOs should ensure that each member of the audit party has rendered a certificate to the effect that the works including 'special enquiries' allotted to them has been completed before audit is wound up.

(ii) Accounts / Documents / Records maintained as are common to all units / formations are indicated in the Annexure.

## **Audit of Cash Accounts**

**528.** (i) Chapter XVIII of Defence Services Regulations, Regulations for Army Vol.2 (Revised Edition 1987), Rule 7 FR Part II, Appendix 8 and Appendix 26 FR Part II Rule 15 et Seq FR Part I deal with Public Fund, custody thereof, accounting instructions and Instructions for dealing with Public Funds. Public Fund Cash Accounts comprise of

- (a) Cash Accounts to deal with receipt and payment accounted for in columnar cash book (IAFA-811)
- (b) Field Imprest Cash Accounts in Form IAFA-125 and
- (c) Assignment cash book in respect of assignments where authorised in Forms as prescribed.

(ii) The main processes involved in the test audit of the cash book are:

- (a) Tracing of receipts into the cash book
- (b) linking of payments with relevant vouchers
- (c) seeing that the cash in hand has been periodically verified and certified as correct
- (d) seeing that the amount of cash held at any time is not heavy
- (e) ensuring that all receipts and payments are in order
- (f) ensuring that a balance sheet showing assets and liabilities is recorded at the end of each month as required under Rule 112 (iv) of FR Part II
- (g) seeing that a reconciliation statement is prepared at the end of the month explaining all outstandings for the month, and that no items are outstanding which could have been adjusted.
- (h) seeing that undisbursed pay are not credited to any fund account
- (i) seeing that unauthorised advances are not made to officers and others
- (j) Purchases made out of various grants as per orders relating to grants have been accounted for under the respective quantitative store accounts and unutilised grants if any, at the end of financial year are refunded to Government account.

**529.** (i) In auditing the Public Fund Cash Book of a unit/formation, it should be ensured that:

- (a) all moneys received either by cash or by Cheque are properly accounted for
- (b) all entries of receipts and payments are made in the cash book immediately as and when a cheque or cash is received or paid and that serial number is given to each receipt and payment entry.
- (c) at the end of the month, the cash book is balanced and signed by the Officer-in-charge with a certificate as prescribed in Para 817 of Defence Service Regulations - Regulations for the Army (Revised Edition 1987). i.e. The certificate will be as follows:- “certified that the cash in hand has been compared with that shown in the cash book and the balance held Rs. \_\_\_\_\_ (Rupees) has been found to be correct”
- (d) in the case of disbursement of pay, the acquittances are taken on the pay bills and that summary of payment side made out and signed by the

Officer-in-Charge and that the total of the summary is entered in the Cash Book.

(e) it should also be seen during the audit of Cash Book that the interest earned against various amounts are deposited in Govt. Account under receipt head and the same are not utilized by the units.

(f) Audit of cash accounts by LAO is not in arrears.

(ii) In regard to the verification of cash, it should be seen as a general rule, that this verification is carried out periodically by the Defence Accounts Department / the Quarterly Audit Board (vide para 835 *ibid*) and the executive authorities and that necessary certificate is recorded in each case. It should also be ensured that surprise checks of cash balance are conducted at least once every quarter in accordance with the instructions contained in para 37 of Field Imprest Payment Instructions as modified vide AO 781/64 and irregularities if any noticed, are immediately reported to the appropriate higher authority. Besides, officers commanding of Units and formations, heads of offices should also conduct surprise check of cash balance in hand in public / regimental funds and field imprest simultaneously to ensure that they are not utilised for unauthorised purpose. The result of such surprise checks are to be recorded in the respective cash books. All transactions in the Bank Accounts should, however, be completely checked with Bank Pass Book, Bank Statements, Pay-in-slips and counterfoils of the cheque books and the balance with the bank as shown in the Cash Book invariably reconciled through the medium of Bank Reconciliation Statement made out with reference to monthly statement of accounts obtained from the Bank. Outstanding assets and liabilities for long periods should be subjected to critical examination to ascertain the reasons therefore.

(iii) The scrutiny of receipts and payments under the regulations applicable in each case should be conducted to see:

(a) that the accounts are being maintained in accordance with the existing regulations and that precise records of all monetary transactions temporary or permanent are kept.

(b) that all transactions between individual and the funds and other accounts are correctly tallied.

(c) that all moneys relating to public funds have been duly accounted for and expended only for the purposes for which they are intended;

(d) that payment endorsements are signed by the cash officer and corrections in the cash book are attested by him (Rule 46 FR Part II).

(e) that cash realised from issues of rations etc. on payment is accounted for in the cash book before remittance into the treasury.

(f) that cheques are not accepted in lieu of cash against payment issues of ASC Stores etc. (Para 896 (d) (i) Regulations for the Army)

(g) that Public and Regimental funds are not in any circumstances mixed up and that separate cash and bank accounts are maintained for these funds (Para 802 of Regulations for the Army)

(h) Commanding officers are responsible for the correctness of the accounts in their units & also answerable for losses and discrepancies caused by their subordinates (para 808 of DSR for the Army).

(iv) It should be seen that all departmental receipts are properly brought to

account by the unit and that they are not utilised to meet departmental expenditure except with proper sanction.

(v) It should be seen that sale proceeds of all old, waste articles (e.g. old newspapers, periodicals) purchased out of special grants and funds, such as educational training grant, amenity funds etc. have been credited to Government periodically and the treasury receipts therefore have been forwarded to the CDA for adjustment.

(vi) It should be seen that telephone call Register has been maintained as envisaged in Rule-97 FR Part II and that recoveries on account of private trunk calls are effected and credited to Government.

(vii) Units and formations are required to maintain a record of all lands in their possession showing the revenue realised therefrom. viz.

(a) Unit land Register (General)

(b) Unit land Register (Regimental Grades) in two parts i.e Register of Defence lands under cultivations and Register of trees (usufructs and other trees). It should be seen that the registers are properly maintained with reference to the extracts furnished from time to time by Defence Estates Officers from their General land Registers and Military lands Register and that in respect of lands under cultivation in excess of 4 acres per 1000 troops 1/4th net annual profit as per audited figures of Regimental funds is credited to Government as envisaged in Govt. of India, Ministry of Defence letter No. 11026/1/75/T (land) dated 10.5.76. In respect of usufructs trees and disposal of grass the amounts realised are credited to Government. The maintenance of these registers should be looked into as brought out in para 304 of Army local Audit Manual (Amended in 7/85).

(viii) In linking payments with relevant vouchers, the object is to see that a proper acknowledgement of the amount paid exists for each payment.

(ix) In the case of units and formations holding permanent advances, it should be seen that

(a) a regular account of expenditure against such advances is maintained.

(b) no unauthorised advances are granted

(c) the permanent advance is not far in excess of the average monthly expenditure.

### **Imprest Accounts**

**530.** (i) Field Imprests are advances of public money issued in bulk to certain officers termed 'Field Imprest Holders' based on sanctions issued by the competent administrative authority for:

(a) making payment to JCOs, ORs and NCs(E)

(b) making payment to civilians serving in operational areas and

(c) meeting such miscellaneous expenditure of units and formations as are authorized to be met therefrom.

(ii) Instructions for opening and also operation of Imprest Accounts are contained in Field Imprest Payment Instructions and Appendix 26 FR Part II

(iii) During audit of the transaction of Imprest Accounts it should be verified that such transactions are strictly in accordance with procedure indicated in Appendix



26 FR Part II and are in accordance with the general principles laid down in Para 32 thereof. It should also be verified that the Imprest Account had been rendered to the PAO (ORs) concerned and his acknowledgement obtained. Observations raised by the PAO (ORs) should also be looked into to find out how such observations had been dealt with. In order to ensure correctness of balances of the Imprest account in respect of month selected for audit, details of opening and closing balances (both cash and bank) should be ascertained from the PAO (ORs) concerned for cross verification.

(iv) For transactions relating to Supply & Service Imprest Operated by OC Supply Depot audit procedure is dealt with in Chapter 33 relating to ASC formation.

### **Assignment Cash Books**

**531.** Cash assignments are normally placed at the disposal of MES officers and DEOs. Audit checks in respect of transactions of Assignment Cash Books are dealt with in the relevant chapters.

### **Store Accounts**

**532.** The following general instructions should be borne in mind while auditing various accounts/ledgers / documents etc.

#### **(i) Ledger cards & Ledgers - General**

- (a) It should be seen that the ledgers, returns and supporting voucher are in proper form, that they have been signed by the officer commanding or any other persons authorised to carry out this duty and that all supporting documents and certificate required under regulations are submitted.
- (b) Arithmetical accuracy should also be checked in a few cases to ensure that the balances are correctly worked out and carried forward from one page to another. It should be seen that a line has been drawn against the closing balances of each article with the dated initials of the local audit staff. It should also be seen that entries of audited balances have not been tampered with.
- (c) It should be seen that erasures, overwritings and alterations are avoided and that all alterations are attested by a responsible officer. Any entry, which appears to be suspicious should be thoroughly investigated.
- (d) It should be seen that the local audit staff have initialled the last audited balance and all alterations in the balance.
- (e) It should be seen that system of accounting of ordnance stores is as laid down in AI 149/68.
- (f) It should also be seen that stock is not maintained in excess of the authorised limit except with the specific sanction of the competent authority and that unauthorised stores are not held in stock.
- (g) In case of Loose Leaf Ledgers, it should be seen that no page is missing.
- (h) The quantitative accounts of valuable and easily marketable articles should be particularly scrutinised. Any abnormal issues or losses of such stores should be carefully investigated to see that they are justified in the circumstances.

- (i) It should be seen that receipted copies of issue vouchers are normally returned to Ordnance Depots within the prescribed period of three months and cases of delay are reported periodically to the appropriate Area/Sub Area authorities as required under AO 448/587.
  - (j) Inspection reports of various inspections agencies should be looked into to find out features, if any, warranting detailed examination of the accounts.
- (ii) Audit of Receipt and Issue vouchers of Stores including linking of issues with receipts.
- (a) Consuming units receive their supplies of stores from sources:
    1. Stocking depots
    2. Local purchase
    3. Other consuming units
  - (b) During local test audit of consuming units, the receipt vouchers of the unit under audit in respect of supplies received from stocking depots or other consuming units, should be examined to see that they have been audited by the Local/Regional Audit Officer in the prescribed manner. The sub lists, together with the issue vouchers and central or local purchase vouchers of stores received by the unit under audit (credits for which have already been verified by the Local/Regional Audit Officer) should be obtained from the Local/Regional Audit Officer. Receipt vouchers of the units should then be linked with these vouchers. The object is to see that all stores issued to the units concerned have been brought to account in their books. Receipts should also be traced into the relevant ledgers.
  - (c) It should also be seen that undue delay does not take place in the verification of credits of local/central purchase stores. Any case in which inordinate delay may have taken place in verifying credits should be subjected to special scrutiny to see that sufficient reasons existed for the inability of the Local/Regional Audit Officer to verify the credit expeditiously.
  - (d) In addition, all issue vouchers in respect of any selected period should be obtained from the local supply depot which issues items of ration to the unit(s) and linked 100% with the Ration Returns of the unit(s).  
(DADS No.4558/A-Admn/21 /56. dt. 12.11.56)
  - (e) It should also be seen generally that the unit is entitled to receive the supplies concerned and except as provided for in regulations, authorised stores are obtained from the department responsible for their supply and are not purchased locally without obtaining the prior sanction/non-availability certificate from the supplying department.
  - (f) It should also be seen that on receipt of stores all packing material/containers vouchered to the unit along with the stores (shown in column or on the reverse of the vouchers) are brought on charge (AO 439 of 1962)
  - (g) In the case of supplies received by the Unit from the ASC contractor direct, the receipts shown on abstracts of IAFS 1520 and IAFZ 2135 should be traced, item by item, into the ledgers.

(h) The abstract portion of IAFS 1520 and IAFZ 2135 should be obtained from the Local/Regional Audit Officer and compared in a few selected cases, with the unit's copies of these forms. The selection should be guided by the following considerations :

1. that supplies should be important as regards quantity and value
2. Where there are a number of contractors, the selection should as far as possible embrace supplies made by all of them.

(iii) (a) Similarly. paid hired transport indents received by the Local/Regional Audit Officer from the Controller of Defence Accounts should be obtained from the former and linked into the Unit Transport Register (IAF 3023) a register in which record is kept of all hired transport utilised by the unit which should also be subjected to a general scrutiny.

(b) The indents should be scrutinised to see:

1. that the carrying capacity of the vehicles as shown in the transport indent agrees with the actual carrying capacity of the vehicles shown in column 6 of the Unit Transport Register.
2. that the vehicle supplied has been utilised to the maximum advantage to the State i.e. the load carried during each trip was not much less than the carrying capacity of the vehicle.

(iv) Issue Vouchers should be scrutinised particularly to see:

- (a) that all issues shown in the ledger agree with the quantity shown in the issue vouchers and that issues are covered by proper authority;
- (b) that a proper acknowledgement of the receipts of the stores issued by the unit exists where necessary; in the case of issues to other units it should be seen that copies of relevant issue vouchers duly received by the consignee are on record;
- (c) that, in the case of issues to the personnel of the unit itself;
  1. the individuals to whom stores are issued, are entitled to them under the regulations; and
  2. the issues are as per prescribed scale.

Note1:- In this connection a special scrutiny of payment issues should be carried out to ensure that the rates charged are correct and the quantities issued are within entitlement.

Note 2 : Where no scales have been prescribed and issues are made on an as required basis, the average consumption for a few months should be compared and any abnormal consumption brought to notice. The auditor should satisfy himself that administrative control over the internal economy of the unit is satisfactory.

### **Ration and Forage Return**

**533.** (i) The ration scales of Officers, JCOs/ORs etc. are laid down in the Special Army Instructions issued from time to time and Standard Scales of Ration (SSR) 1967. The current scales are given in the following Special Army Instructions as amended from time to time.

|                      |          |
|----------------------|----------|
| Officer              | 3/S/1972 |
| Troops in field area | 7/S/1974 |

|                         |         |
|-------------------------|---------|
| Troops in high altitude | 2/S/72  |
| Troops in peace area    | 10/S/76 |

(ii) The receipt and issue of rations are accounted for in the Ration and Forage Return.

(iii) For working out the free entitlement of rations, the ration strength in each month is shown in IAFZ 3033, on which the number of days for which each individual is present is worked out with reference to Pt. II orders. Issue of ration on payment is worked out from daily statement of payment issues. The free and payment issues are then charged off monthly in the Ration and Forage Return (IAFS 1519).

(iv) The ration accounts in units/formation should be scrutinised with reference to the :

- (a) Authorised strength
- (b) Posted strength
- (c) Strength for which rations are drawn
- (d) Reasons for variations, attachments etc.
- (e) Authority for attachment, if personnel have been attached from other stations.

(v) Apart from the checks enumerated in para 283 and 284 of ALAM Part I the following points should be specifically borne in mind:

- (a) That rations are drawn only for individuals entitled thereto and in accordance with the authorised scales, that the number of individuals for whom rations are drawn agrees with that shown in IAFZ-3033 and individuals on leave or temporary duty or in the hospital and those allowed to draw money allowance (i.e. ration money) in lieu of rations are excluded while arriving at the total ration strength. Extra rations where authorised are covered by sanctions of the competent authorities. Such extra rations may be sanctioned by commands as follows:

1. Sub Area/Independent brigade commands- upto 30 days
2. Corps/Division/Area commands –upto 60 days.
3. Area Commander - upto 90 days ( in any financial year) In excess of 90 days Govt. of India sanction is required.

(Para 888 of Regulations for the Army-Revised Edition-1987 Vol.II refers).

- (b) That the number of entitled rations drawn is correct with reference to Part II orders.
- (c) That last ration certificates are obtained and attached in cases of individuals newly taken on strength. Authority for such attachment should be looked into and the purpose for which personnel so attached have been detailed on temporary duty should be examined with a view to finding out whether such detailing, of temporary duty are covered by Rules and are in public interest.
- (d) That any fictitious names have not been included in the ration strength. This should be verified with reference to acquittance rolls.
- (e) That the number of animals fed does not exceed the authorised complement unless specially provided otherwise by Part II orders.

- (f) That the value of fodder issued on payment (including cost of transportation as fixed by the CsDA from time to time) is credited to Govt.
- (g) That the scales of lamps and oil fixed by the Standing Barrack Committee are correct with reference to rules contained in ASC Scales of Ration and Supplies (SRS) and Barrack and Hospital Schedules and oil is not issued as a matter of routine for the purpose. It should be verified from Station Stores Ledger/Equipment Ledger that the number of lamps for which Kerosene oil has been drawn in the Ration Return is really held by the unit and that the oil lamps are not used in the barracks which have been electrified.
- (h) That fuel for warming and drying purposes is only issued to those who are entitled to it and that such issues are in accordance with the scales laid down in the station orders. The quantities should be checked with reference to the number of fire places and the period and the number of hours for which fires are authorised .
- (i) It should be seen particularly that the quantity of grain and fodder struck off is not excessive as compared with the issues during the other winter months of the same year or with those in March of the previous year.
- (j) That underdrawals of rations (including fresh items) in a month are not made good by overdrawals in the subsequent month but they lapse to Government.
- (k) That overdrawals of rations during a month are adjusted in the following manner:
  1. Those detected by the units are adjusted by under drawals within the months itself whenever possible, or in the subsequent months by an equal quantity or by payment into the treasury for the quantity/quantities overdrawn at the payment issue rate current in the month of overdrawal.
  2. Those detected during the audit of Ration Returns are similarly adjusted by underdrawals in the Ration Return under preparation during the month of audit or subsequently or by payment into the treasury as in (1) above.
- (l) That stock of ASC articles of dry supplies (except fodder) are within the prescribed limits (i) At stations where ASC Supply depot/detachments are located for a minimum of three days and maximum of ten days. (ii) At other stations for a minimum of six days and maximum of thirteen days vide para 891 of Regulations for Army in India Vol.II.
- (m) In respect of payment issues of Ordnance and Clothing Stores
  1. that payment issues are made to authorised persons as prescribed under relevant rules,
  2. that the conditions prescribed and the monetary limit laid down have been adhered to,
  3. that the issues have been correctly priced and the procedure prescribed by various Army Orders for the disposal of cash realisations by the issuing formations concerned and transmission of the treasury receipts in LAO/RAO to the CsDA is strictly adhered to.

## Clothing Accounts

534. (i) Clothing Accounts are maintained in accordance with AI 22/1983 as amended on life cycle concept of clothing. This system envisages the dispensing with payment of clothing allowance and issues based on condemnation board. Service personnel are entitled for a maintenance allowance of Rs.40/-p.m. which is paid in arrears after obtaining an advance from PAO.

- (ii) While auditing these accounts the following points should be looked into:
  - (a) Issues of clothing as accounted for in the Individual Clothing Card and Unit Clothing Record Register are identical and are as per scales authorised and foot notes thereto.
  - (b) Individual Clothing Card, Unit Clothing Record Register and Unit Clothing Ledger are maintained properly.
  - (c) Maintenance stock and safety stock are worked out correctly to arrive at the authorised proportion.
  - (d) Requirements of initial issues by Regimental Centres are correctly worked out.
  - (e) Issues of clothing items are made only by due dates on expiry of the fair assessed life and in cases where advance issues are made for reasons of service personnel proceeding on temporary duty, attachment, courses of instruction or annual leave. Subsequent issues are made only by the normal due dates and are not advanced.
  - (f) Due dates are extended in case of stay in the hospital for more than one month.
  - (g) Period of absence without leave is treated as 'Dies non' in respect of personnel absent without leave except in cases where such absence was beyond the control of the individual.
  - (h) Replacement issued before due date either due to loss or failure on the part of the individual due to negligence or carelessness are charged for at 75% or 50% of the P. V. rate depending on the extent of use of the items of the clothing with reference to assessed fair life.
  - (i) Only items of Web Equipment included in personal clothing are replaced through unit condemnation board.
  - (j) Items for which replacement had been made are returned by individuals (except items retainable by the individual) and that such items of clothing and necessaries accounted for on CRVs are returned to Ordnance.
  - (k) in case of premature retirement / voluntary release/discharge, proportionate cost at P.V. rates of items of clothing and necessaries (other than those retainable) had been recovered.
  - (l) In cases of dismissal all items are either withdrawn or debited against individual as stipulated.
  - (m) In cases of normal discharge provision of Para 194 to 200 of Clothing Regulations for Army are applied and that the items of clothing with residual life are charged for as stipulated.
  - (n) Personal clothing of deserters are disposed of as per Para 201 of Clothing Regulations.
  - (o) Part worn serviceable items and E.I clothing items in unit stock are issued

only after conditioning by Survey Boards determining residual life.

### **Small Arms/Ammunitions Ledgers**

**535.** The small arms/ammunition accounts are kept in accordance with SAI 6/S/71 and AI 4/87 and para 73 of SAI 1965 reprint in 2001. While auditing the said accounts it should be seen that

(i) all particulars of ammunition such as type, Mark etc. are entered in the form concerned;

(ii) report of all the cases of theft or loss of arms/ammunitions/explosive have been made immediately on occurrence to Sub Area/Equivalent HQrs. by Signal and Police authorities.

(iii) Court of Inquiry has been held in the cases of such losses;

(iv) the ammunition extended does not exceed the allotment notified in Army Instructions,

(v) the authorised proportion to be retained has not been exceeded,

(vi) ammunitions issued for range practice agrees with the quantity shown as consumed in Butt Register maintained for Range. Empty cartridges accounted for in the ammunition account is linked with the expense vouchers in which the loaded cartridges are struck of charge. Empty cartridges are returned to Ordnance Depots as indicated in Equipment Regulations and deficiencies are required to be regularised on loss statement (Para 292 Army Local Audit Manual refers). Only on receipt of receipted copy of the issue voucher from Ordnance Depot, claim for empty cartridges returned are required to be submitted to CDA for payment and credit to Annual Training Grant allotment.

### **MT Accounts including animal transport Accounts**

**536.** (i) AI 167/70 provides for the various accounts to be maintained for MT. While auditing MT accounts provisions contained in paras 133 to 150 and 65 to 67 of SAI (Revised Edition 1965) should also be borne in mind.

(ii) Individual fighting units including GT Coys in an operational field and other areas notified as such in Govt. Orders are not required to maintain detailed accounts for vehicles and POL but Supply Depots and other static formations like hospital, reinforcement camps etc. (as distinct from fighting units) on the field areas with mechanically propelled vehicles on charge will maintain regular FOL accounts which will be subject to internal/Test Audit.

#### **(iii) Audit Procedure:**

In addition to the audit drills contained in para 310 of Army Local Audit Manual Pt.I, it should also be seen that:

(a) the vehicles held on charge are not in excess of those authorised.

(b) Vehicles are not used for private purposes except under proper authority. It should be seen in this connection that officers are not allowed to use Govt. transport free of charge from residence to office and back unless specifically authorised

(c) There are no omissions of recovery of Hire charges and that the charges have been correctly levied and promptly recovered. Amenity transport

authorised is as per orders issued on the subject and recoveries on account of payment for amenity transport are linked with Cash Book.

- (d) The prescribed procedure for the accounting of FOL laid down in para 135 of SAI (1965) has been followed.
- (e) The Kilometre performance of vehicles per litre of petrol are reasonable and economical. Petrol consumed by
  - 1. different types of vehicles of similar capacity and
  - 2. the same vehicle during different months should be compared.A comparison of actual Kilometre per litre with the fair average Kilometre per litre which different types of vehicles are expected to run should also be made.
- (f) Car diaries are maintained properly for every vehicle and COI.8 of the diary signed by the officer using the car and not by some other person except in the case of senior officers not below the rank of Brigadier, when the same may be signed by the Staff Officers accompanying the senior officers.
- (g) Specific nature of duty is clearly stated in car diaries or duty slips as the case may be; all journeys against which nature of duty performed is not clearly specified in the car diary should be treated as non duty journey and charge recovered from the officers using Govt. transport for Kilometres run at normal rates.
- (h) In towing damaged vehicles by other M.T. vehicles petrol is not consumed by the towed vehicle.
- (i) Govt. vehicles whose milometers are not in working condition, as evidenced by Kilometre card are not hired out.
- (j) Utmost economy is observed in the use of mechanical transport and FOL and the procedure laid down in this regard in para 310 B of Army Local Audit Manual Pt. I is followed.
- (k) Charges recovered for unauthorized non-bonafide duties are at normal rates.
- (l) Vehicles are not detailed / utilised separately for each duty but various duties that could be combined in one trip had been so combined.
- (m) maximum quantity of FOL authorised for static running of vehicles is not charged off as a matter of course.
- (n) while scrutinising the Register showing the duty journeys before or after office hours or on holidays it should be seen that the duty journeys are authorised and sanctioned prior to commencement of journeys.
- (o) while scrutinising the Kilometre card it should be seen that the various columns of the Kilometre card have been properly completed with reference to car diaries, that the monthly summary has been correctly prepared and the Kilometre reading of all the vehicles has been checked at least once daily.
- (p) Vehicle log books should be scrutinised to see whether replacement of tyres/retreaded tyres have been made on running the prescribed kilometers. Premature replacement should be scrutinised with a view to finding out the causes therefor.



- (q) While scrutinising the MT accounts, the holdings of vehicles/equipments vis-a-vis their authorisation should be looked into to ascertain whether there are deficiency or surplus of MT vehicles. In this connection the serviceability state of the above holdings should also be critically examined with reference to the inspection report of various authorities and action taken thereon should also be examined. In cases of holding of vehicles in Class V condition the utilisation of personnel like driver etc. authorised for MTs should be critically examined with a view to highlighting peculiar features.
- (r) Unit transport utilised in terms of total Kms. run on various duty books should be scrutinised critically by a comparison with similar utilisation in previous years vis-a-vis tasks/ duties and variations in unit personnel strength for bringing out peculiar features, if any, and
- (s) A few cases of officers using staff cars while on temporary duty should be listed and sent to Central Test Audit Section concerned to see whether the prescribed deduction in the relevant TA Bills have been effected.

### **Animal Transports (AT)**

**536.** (i) (a) When Military operations are conducted in mountainous or smaller terrains where mechanical transport cannot function, all the requirements of fighting troops may have to be carried out by animal transport. These may be first line or second line duties in the area.

- (b) AT units are AHQ troops and may be allotted to a division or Brigade in accordance with the exigencies of service.

(ii) Animal Transport includes both pack (carrying load by the animal on its back) and draught (pulling loaded carts of animals) transport. Pack transport is an uneconomical form of transport, since the load, that can be carried is small e.g. 42 pack mules carry the load of 3 ton lorry only while load in draught transport drawn by two mules is about 3.70 tons.

- (iii) (a) The RVC is responsible for the procurement of animals, the replacement of casualties and the treatment of sick and injured animals.
- (b) Forage in an ASC Supply - The standard scale of forage is laid down in Army Instructions. The Officer Commanding may, however, fix the feeding scales according to the types and conditions of animals as long as they do not exceed their annual entitlements at the end of the financial year.
- (c) Harness, Saddlers, their components, saddlers tools, nails, shoes etc. are supplied by Ordnance.

(iv) The details of organisation and functions of animal transport are contained in Chapter II of ASC Regulations and ASC Training Vol. III which should also be studied.

- (v) During the audit of animal transport the following points should be seen:
  - (a) Govt. animals are not taken out for private joy rides nor employed in civil races or tournaments.

Note: GOC-in-C Commands are empowered to authorise the use of Govt. horses on hire for

non-military purposes by cadets of Indian Military Academy and National Defence Academy, all commissioned officers including officers of INF/MNS and ORs provided no extra expense is entailed thereby. Such horses are to be rationed by the units to which they belong.

- (b) 1. Castings i.e. disposal of animals which are unfit to undergo one month's active service may be due to one of the reasons classified below:
  - Remount cases
  - Veterinary cases
  - Old and Worn out cases
2. It should be seen in audit casting in anyone of the category is done under the orders of DG RVS. Casting of veterinary and worn out cases (and not remount cases which include all animals that fail to develop suitably or are dangerous or unsafe) may however, be done under orders of GOC-in- C. Area commander, Sub Area Commander or any other officer specified by QMG.
- (c) Disposal orders are passed without delay by the authorities concerned.
- (d) Animals cast for veterinary reasons are destroyed immediately.
- (e) Delay in passing disposal orders as also actual disposal does not entail avoidable feeding of the animals by Govt.
- (f) Register of animals (IAFZ 2147) are maintained properly. No animals strayed or lost is struck off the Register for 6 months and number of animals fed does not exceed the authorised complement.
- (g) Forage Return has been prepared in accordance with the Regulations and different classes of animals as shown in Table 12 of SRS are shown separately in Return and Rations drawn accordingly.

### **Stock Taking**

537. (i) a) Stock taking is a process of physical verification of stores and of reconciling the differences between the actual holdings and the ledger / account card balances in order to ensure that the balances shown in ledger / cards are in fact correct. Officers in charge of stores of every description are responsible for periodical (monthly, quarterly, half yearly, or annual) stock taking. A permanent record should be kept in the office of each unit showing the date on which stock taking was carried out, the scope of stock taking, the condition of stores and steps taken to repair or dispose of repairable or unserviceable stores. Stores found surplus on physical stock taking should be brought on charge and discrepancies adjusted after proper investigations.
- (b) The result of physical verification should be posted under the dated initials of the officer counting the stock just below a red line drawn in the ledger folio or account card
  - (c) Cases of non-verification of stock within the prescribed period may, depending on the nature of irregularity be referred to the GOC-in-C, corresponding officers in other services and heads of departments at the service HQrs by the PCDA/CDA for regularization (Para 268 of SAI refers)

(ii) It is not necessary for Test Audit to carry out physical stock verification but it should be seen that the rules prescribed for stock verification are complied with by the executive authorities. It should be seen that stock is verified at the time of change of the command as laid down in paras 866 and 867 of Regulations of the Army in India and other departmental Regulations. The annual reports on the general position of stock verification submitted by the Controller to the CGDA should also be scrutinised.

(iii) It should be specially seen that the frequency of stock taking of stores prescribed for units and store depots is actually followed and the result is recorded on the standard forms. It should also be seen that valuable, important and attractive items, such as watches, binoculars, small arms ammunition etc. are checked at more frequent intervals at the discretion of the Commanding Officer.

(iv) A report should be sent every year by the 5th October to the Director General of Audit giving the following informations:

- (a) That procedure has been prescribed for the verification of stock in the various branches (such as Supply Depots, fighting units, etc.) of the Defence Services.
- (b) Whether as a result of test audit, it appears that the prescribed procedure has been followed.
- (c) Whether any serious discrepancies in the stock verification came to notice.

#### **Audit of Railway Warrants, Credit Notes**

**538.** It should be seen that the instructions for the audit of Railway Warrants, Credit Notes etc. laid down in Chapter X of Army Local Audit Manual Pt. I are being followed. It should be seen in particular :

(i) that the warrants are kept in safe custody and are not kept in excess of requirement and that in no case a blank form is signed by the issuing officer.

(ii) That warrants are issued by an authority competent to issue them and only for authorised purposes or persons entitled to them. That move on temporary duty in excess of 180 days are converted as permanent duty move.

(iii) That when proceeding on annual leave at Govt. expense, JCOs/ORs/NCs(E) are issued warrants by mail/ express trains only if journeys exceed 1450 kms, each way from the starting station.

(iv) That where possible a single warrant for onward and return journeys is issued so that commission paid by the Ministry of Defence to the Ministry of Railways for the use of Military Warrants is brought to the minimum (Rule 65 of Military Tariff)

(v) That the counterfoils are complete in all respects.

(vi) That actual weight of baggage authorised under regulations instead of the RFA (Railway Free Allowance) is shown in the railway warrant.

(vii) The nature of duty or leave is noted in all cases to admit correct charges at public or contract rates.

(viii) The credit notes are issued under proper authority and bear the number and date of the relevant issue vouchers in all cases and are issued only for bonafide

property of the Defence Ministry at the time of despatch and if they are issued to cover freight for stores purchased from a contractor that the freight is to be borne by the government under the terms of contract.

(ix) The MC notes are presented at the time of offering stores for despatch so as to avail of the concessional rates applicable to Military tariff and that necessary information in cases of despatch of stores freight to pay in avoidable circumstances is sent to CA (Factories) for action regarding extra expenditure involved.

(x) In addition, the foils of railway warrants and credit notes received by the LAOs /RAOs from Controllers of Defence Accounts should be obtained by the local test audit parties and paired with the counterfoils in units and formations to the extent prescribed.

(DADS No. 2467/B.Misc/29/57 dt. 2.5.58 and No. 3264/B-Misc 29/57/dt. 18.10.58)

(xi) Audit should also check in few cases the correctness of issue of warrants and credit notes with reference to rules in Travel Regulations.

### **Audit of Service Books, Sheet rolls etc.**

**539.** Service books sheet rolls etc. should be audited to the extent prescribed with reference to the instructions contained in Chapter X of Army Local Audit Manual Pt.I. The sheet roll will be referred to whenever any doubt is felt and a reference to that document is necessary.

### **Audit of loss Statements**

**540.** (i) All losses whether of public money or of stores shall be subjected to a preliminary investigation by the officer in whose charge they were, to fix the cause of the loss and amount involved. Losses are generally classified as:

- (a) Losses of stores
- (b) Losses of public money

(ii) Courts of Inquiry should invariably be convened to investigate all losses which require the sanction of the government of India to write off, losses due to inaccuracies in previous stock taking, losses due to theft, fraud, gross neglect, fire or due to any unusual occurrences and losses of arms, ammunition and explosives.

(iii) A list of important orders relating to losses / loss statements is given in the *Annexure-A* for guidance.

(iv) All loss statements relating to the period under review must be subjected to scrutiny, special attention being paid to the following points

- (a) Register of losses maintained in the units and formation with reference to para 246 of Store Accounting Instructions for the Army should be examined to see that it has been maintained properly and loss statements have been entered in the register.
- (b) That the loss statements have been correctly prepared and priced as indicated in Rule 163 FR Pt.1 and that they have been sanctioned by competent. authorities.
- (c) That no loss is written off piece-meal by a lower financial authority with a view to avoiding reference to higher financial authority .
- (d) That surplus are not taken as a set-off against deficiencies in determining

the value of a loss.

- (e) That there is no delay in dealing with a loss and Courts of Inquiry are constituted in time for expeditious finalisation.
- (f) That proper action is taken in all cases to prevent losses of similar nature. It should be seen that adequate disciplinary action has been taken wherever necessary.
- (g) That all cases of theft or loss of arms/ammunition or explosives are reported immediately to Sub- Area/ equivalent HQrs (by signal) as well as to the Civil Police authorities.
- (h) Where responsibility for any loss has been fixed on an individual from whom recovery has to be effected it should be ensured that the assessed value of the loss has either been recovered in cash and paid into the treasury or the amount recoverable has been intimated to the Pay Accounts authority concerned and his acknowledgement obtained and filed with the sanctioned copy of the loss statement in the unit/formation.
- (i) It should be ensured during the scrutiny of Loss Statements that the same are completed in all respects and duly supported with all the supporting documents / relevant details.
- (j) It should be seen that in the case of transit loss, copies of correspondence exchanged between the consignor and consignee and carrying agency are furnished.

### **Industrial Establishment**

**541** (i) Industrial employees are engaged in Ordnance stocking formations, EME Workshops, A & D Establishment etc. and are subject to Payment on the basis of Wages Act and Factories Act. Procedure for mustering in / out labour are detailed in the relevant regulations / orders applicable to the formation e.g. Regulation for the Army, Ordnance Services Vol.I, EME Regulations. Requirements of industrial employees are arrived at by Manpower Review Committees of the formation and personnel employed are increased or decreased based on workload. Industrial employees are paid on check rolls from advances obtained from CDA concerned based on an estimate of probable amount required for payment. The advances would be adjusted through "Abstract of receipt / expenditure" on account of pay and allowances of Industrial Staff IAFA 40 (revised) which would be submitted to the CDA concerned through the LAO duly supported by treasury receipts in respect of undisbursed amount. Payment of wages to industrial employees shall be made in the presence of two gazetted officers who sign a certificate at the foot of the check rolls to the effect that all payment shown therein have been correctly made in their presence. Overtime payments are made with reference to rules contained in the Factories Act and with reference to orders issued on the subject.

- (ii) In auditing check rolls the points to be seen are :
  - (a) Requirement of manpower as arrived at is justified with reference to workload and by a comparison of manpower engaged in previous years and that norms for working out the requirement are identical.
  - (b) Different categories of industrial personnel are recorded in the check roll.
  - (c) Where the system of pool labour exists, the number of labourers kept in reserve (as shown in gate check rolls) to meet sudden and urgent demands

from various groups is justified by daily demands from various groups.

- (d) Deductions for late attendance in respect of industrial personnel arriving late is made at 1/4, 1/2, 3/4 and 1 hour basis. No one is admitted after one hour except with the permission of the appropriate authority. Deduction for absence during part of a day including Saturday should be fixed at one eighth of a normal day's pay for each hour's absence from the normal working period of that day. Deductions for absence for a whole day other than Saturday shall be a whole day's pay but deduction for absence on a Saturday is to be calculated for part of the day or full day depending on whether the employee had been absent for less than 6 days or 6 days and more including Saturday as the case may be.
- (e) An absentee statement is prepared at the end to exhibit the names of industrial employees who did not turn up to receive payment on pay day. Cases of undue delay in payment and failure to credit the undrawn pay to Govt. should be commented upon.
- (f) There is no accidental or fraudulent inclusion of incorrect or fictitious names in the check rolls.
- (g) Transfer from one group to another during working hours is got acknowledged and strength rolls amended to ensure correct verification at the time of mustering out.
- (h) Overtime payments as applicable under payment of Wages Act/Factories Act as applicable depending on the number of hours in excess of the normal working hours/48 hours per week are correctly made.
- (i) Authorisation of overtime is justified with reference to the workload / targetted outturn hours.
- (j) Claims relating to Industrial employees admitted locally should be examined with reference to the relevant rules. Service Records/Leave Accounts in respect of such personnel are subjected to test audit locally.

### **Fine Register**

**542.** It should be seen that the amounts of fine recovered credited in the cash book.

### **Other Points**

#### **543 (i) March Expenditure**

Expenditure incurred towards the close of financial year should be carefully scrutinised to see that the charges brought to account against works or items concerned are regular.

#### **(ii) Stamp Accounts**

These accounts are not checked by the Defence Accounts Department. The objection raised in test audit on these accounts should, therefore, be communicated to the executive officers concerned and settled with them direct and not through the former. Any special audit point noticed in course of examination of these accounts may however be discussed with CDA Where possible the feasibility of the reduction in the allotment for the purchase of service stamps should be kept in view.

It should be seen that franking machine has been introduced and rebate

granted by P&T Deptt. for use of franking machine is being availed by the units. This point should be kept in view during the audit.

**(iii) Security Deposits**

It should be seen that security deposits are invariably taken from persons who are entrusted with the custody of cash and stores and that the deposits are adequate,

**(iv) Money Order Register**

It should be seen whether each unit is maintaining a check register of money orders and payees receipt for these MOs are on record and amounts of undelivered money orders have been credited in the cash book.

**(v) Work Services**

Units maintain a register in QM Section to indicate items of work requiring repairs by MES. Cases not attended to for long periods should be collected during audit of units/ formations for examination in the connected MES Division.

**List of auditable documents**

1. Public Fund Cash Account, Receipt Book & cheque books
2. Field Imprest Cash Accounts, Field Imprest Account Cheque books
3. Railway Warrants
4. Concession Vouchers
5. Military Credit Notes
6. Register of Railway Warrants & Credit Notes etc.
7. Service Books/ Records of Civilian Estt.
8. Ration and Forage Return
9. Entitlement Register, Payment Issues and Payment Issue Voucher
10. Cash memos
11. Cash memo account Register
12. Clothing Card Manuscript Register I
13. Unit Clothing Issue Register
14. Clothing Card Manuscript Register II
15. Clothing Ledgers
16. E.D. Clothing Ledgers
17. Officers Clothing Ledger
18. Salvage Ledgers
19. Repair Book
20. Equipment Ledgers
21. Packing Material Ledgers
22. Small Arms & Ammunition Account Ledgers
23. Loan Register
24. Loss Statement Register
25. Railway Claims Register
26. Various Grants Ledgers such as Annual Training grant, Amenity

Education Training, Annual Contingent Grants etc.

27. Unit Vehicle Register
28. POL Ledger, Retail Issue Vouchers, Requisites ledger of stock and supplies.
29. Car diaries
30. Vehicles Log Book
31. M.T. Ledgers/ Equipment store expendables
32. Amenity Transport Register (Free and payment)
33. Local purchase Register
34. Liveries Register
35. Office Equipment Ledgers
36. Stamp Account
37. Land Register
38. Register of trees
39. Miscellaneous accounts ledgers (e.g. station stores, conservancy stores, sanitary store accounts)
40. Check rolls of Industrial labour, service records and claims of industrial personnel.
41. Milage Cards
42. Strength Returns
43. Daily Parade State
44. Movement orders of officers/JCO's/ORs
45. Part-II Orders for officer/PBOR's



**Annexure – ‘A’**  
**( reference to in para 540(iii))**

**1. Basic Rules**

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| (a) General Condition to be observed before a loss is written off  | Rule 155 to 158 FR Pt. 1 (1983)             |
| (b) Pricing of loss statements before initiating regularisation  | Para 245 , 245(A) & (B) reprint 23.1.2001   |
| (c) Expeditious investigation and disposal of losses in store holding establishment and all other units and formation through fire or any cause. | AI 251/53 as amended vide 229/57            |
| (d) Procedure relating to loss of store and financial powers for write off of losses of stores   | Rules 160 and 161 of FR Pt. I (1983)        |
| (e) Procedure for loss of immovable property   | Rules 162 of FR Pt.I (1983)                 |
| (f) Procedure regarding pricing of loss statements   | Rule 163 of FR Pt. I (1983 Edn.) & AO 37/76 |
| (g) Write off of books and publication lost or rendered unserviceable through fair wear and tear   | AO 114/60                                   |
| (h) Definition of the term “Public Money”  | Rule 164 FR Pt.I (1983 Edn.)                |
| (i) Procedure of dealing with loss of Public Money   | Rule 165 of FR Pt.I (1983 Edn.)             |
| (j) “Neglect” in relation to loss means “gross neglect”  | Para 243 of SAI reprint in 2001             |
| (k) Irregular use of Govt. hired transport to be treated as loss of cash   | Note 5 under Para 533 Defence Account Code  |
| (l) Demurrage charges incurred due to negligence on the part of consignor/consignee to be viewed as loss of “Public Money”                       | Rule 164(i) of FR Pt. I (1983)              |
| <b>2.</b> Unavoidable losses and cases where no loss statements are required   | Para 254 SAI reprint in 2001                |
| <b>3.</b> Loss-Investigation by Court of Inquiry   |   |
| (a) Composition of C of I to investigate losses/irregularities   | Paras 516, 517, 518 & 519 of DSR            |
| (b) Action to be taken if CDA is not satisfied with the adequacy of disciplinary action in cases of losses                                       | Rule 159 of FR Pt.I (1983)                  |
| (c) Investigation of all important losses of Public money/Stores by Court of Inquiry   | Rule 160 & 165 of FR Pt. I (1983)           |
| (d) Dispensing with a Court of Inquiry where CFA feels one is not necessary in respect of stores and public money respectively.                  | Rule 156 and 165 of FR Pt. I (1983)         |
| (e) C of I absolutely necessary  | Rule 156 of FR Pt. I                        |
| (i) Losses requiring GOI sanction  |   |

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| <ul style="list-style-type: none"> <li>(ii) Losses due to inaccuracies in previous stock taking in ordnance units</li> <li>(iii) Losses of arms, ammunition and explosives</li> <li>(iv) Losses due to fire</li> </ul>   | <p>Para 241(b)(c) &amp; (d) of SAI reprint 2001</p>   |
| <p>4. Preparation and submission of loss statements procedure of</p> <ul style="list-style-type: none"> <li>(a) Circumstances under which IAFA 497 and 498 will be used</li> <li>(b) Instructions regarding preparations of loss statements</li> <li>(c) How losses should be consolidated unit wise and arising from one and the same circumstance/incident/cause</li> <li>(d) Loss of hospital clothing and equipment</li> <li>(e) Statement of case to be submitted with loss statement</li> </ul>  | <p>AO 1965/46</p> <p>Para 245 of SAI (1965 Edn &amp; notes at the foot of IAFA 498)</p> <p>Para 247(h) of SAI reprint 2001</p> <p>Para 345 A of SAI reprint 2001</p> <p>AO 315/73</p>   |
| <p>5. Pricing/Valuation of Loss Statement</p> <ul style="list-style-type: none"> <li>(a) Loss statements priced by Depot's executive authorities under certain circumstances</li> <li>(b) Assessment of loss on account of damage to and consequent down gradation of vehicles</li> <li>(c) In the case of transit loss where railways admit the claim in part, the residual loss will be regularised on loss statement by the CFA competent to sanction the net amount of loss.</li> <li>(d) Adjustment of transfer of Medical stores from one vocab section to another.</li> </ul>   | <p>AO 37/76</p> <p>AO 37/76</p> <p>Para 249(b) of SAI (1965 Edn) as amended by CS No15/VII/76 &amp; FR Pt. I</p> <p>Para 245 B of SAI (1965 Edn)</p>  |
| <p>6. Financial Power</p> <ul style="list-style-type: none"> <li>(a) CFA will be determined with reference to the gross amount of loss</li> <li>(b) Financial powers for losses in ASC Depots.</li> <li>(c) Financial powers for losses in other than Supply Depot, viz, unit &amp; formation MES and clothing stores, Ordnance Depots &amp; EME Units AF MSD's based Medical Stores Depots, Hospitals, Military Lands &amp; Cantts. NCC Units &amp; Formation &amp; R &amp;D Org</li> <li>(d) Financial powers to write off losses of Public money in units &amp; formation (including MES, Ordnance &amp; Clothing Factories, R&amp;D Organisation, Ordnance Depots Central EME Workshops, Station Workshops, AFMSDs.</li> </ul> | <p>Note(i) to Rule 160 of FR Pt.I (1983)</p> <p>Schedule V of Appendix A Pt.I, Army of FR Pt.I (1983)</p> <p>Schedule VI of Appendix II Pt.1 Army of FR PT.I (1983) as amended from time to time</p> <p>Schedule VII of Appx.II Pt.1 Army FR Pt.1 (1983) as amended from time to time</p> |

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| <p>(e) Transit losses in MES formations not due to theft, fraud or neglect</p> <p>7. Rules regarding enforcement of responsibility for losses</p> <p>(a) Rules regarding disciplinary action against civilians responsible for losses</p> <p>(b) Rules regarding enforcement of financial responsibility for losses</p> <p>(c) Rules regarding losses in MES formations</p> <p>8. Subsidiary Rules regarding loss Statements</p> <p>(a) Loss statement necessary even in cases where cost of item lost/damaged is made good</p> <p>(b) Disciplinary action to be taken by Admn authorities in respect of irregularities &amp; communicated to CDA</p> <p>(c) MT losses due to accident to be written off in full irrespective of any recovery effected from the parties concerned.</p> <p>(d) Disciplinary action to be finalized before write off loss can be sanctioned by CFA</p> <p>(e) Consignee responsible for regularisation of transit losses, instruction regarding</p> <p>(f) Instructions regarding convening Station Board to test check outgoing /incoming consignments</p> <p>(g) Six months time limit for claims against Railways</p> <p>(h) Care should be taken in packing and loading of containers</p> <p>(i) Losses occurring in Category 'A' Estt.</p> <p>(j) Submission of claims against Railway and progressing thereof</p> <p>(k) Regularisation of loss due to grinding of Dal channa into baisan</p> | <p>Items 8(a) (b) (c) of Table 'B' RMES.</p> <p>Rule 160(ii) of FR Pt.1 (1983)</p> <p>Rule 160(6) of FR Pt.1 (1983)</p> <p>Chapter VII Section 34 of RMES</p> <p>Note (i) under Rule 160 FR PU read in connection with para 247(m) of SAI</p> <p>Rule 37 &amp; 38 of FR PU (1983 Edn)</p> <p>Para 247 (c) of SAI</p> <p>Army HQ letter No.46440/ AG/PS I dt. 22.3.1955 and DSR amended from time to time</p> <p>Para 248(c) (i) of SAI read with Para 1043 (DS R)</p> <p>AO 11 5/613</p> <p>Para 249 (a) of SAI</p> <p>Para 249 (a) of SAI</p> <p>Army HQ letter No. 52547/Misc/GS-MT I dt. 11.8.1969</p> <p>AO 378/73</p> <p>GOI MOD letter No. 45519/ST-6/3966/ D/QSdt.6.7.78 amended from time to time</p> |
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**CHAPTER - 29**  
**MILITARY ENGINEER SERVICES**

**Introduction**

**544.** The Military Engineer Services are responsible for execution of capital works and repair/maintenance services for the three wings of Armed Forces, Ordnance Factories, Research and Development Organisation, Director General of Quality Assurance and other allied establishments. For this purpose MES are authorized to provide for and hold stores and plant and machinery both in times of peace and war. MES may also at times be required to carry out deposit works on behalf of other Ministries/agencies.

**Organisation**

**545.** (i) The Engineer-in-Chief is head of the Corps of Engineers and the MES. He is the technical adviser to the Ministry as well as to the three Service Chiefs. While the Quarter Master General co-ordinates works policies for all the three services, the E-in-C carries out these orders/policies and works in conformity with the laid down policy, instructions and directives. E-in-C is assisted in his duties by:

- (a) Major General Engineer Staff
- (b) Director General of Works (DGW)
- (c) Director General of Personnel DG(Pers)
- (d) Director of Engineer Stores Provisioning (DESP)
- (e) Director General Married Accommodation Project.

(ii) The division of responsibilities between 'Q' Staff and MES are:

| <b>Q Staff</b>                         | <b>MES</b>   |
|--|--|
| (a) Works Policy and procedure         | Specification  |
| (b) Scales                             | Costing  |
| (c) Establishment                      | Preparation of Engineering appreciation in consultation with staff           |
| (d) Initiation of projects             | Preparation of plans for siting board  |
| (e) Acceptance in principle            | Preparation of costed schedule of works                                      |
| (f) Terms of reference (scope of work) | Technical sanction of (e)  |
| (g) Ordering reconnaissance            |  |
| (h) Obtaining acceptance of necessity  | Concluding contracts and execution thereof, including maintenance of records |
| (i) Ordering siting board              |  |
| (j) Obtaining group priority           |  |
| (k) Obtaining Admin. Approval          |  |

(iii) All Engineering activities in a Command are controlled by a Command Chief Engineer who acts as a technical adviser to the Army Commander AOC-in-C or FOC-in-C as the case may be for the purpose of achieving speed and efficiency in the planning and execution of works services, technical control of CE Command was decentralized and Zonal Chief Engineers were created.

(iv) Under some special circumstances, CEs of specific projects are also appointed, where either the CE Command or CE Zone is not able to conveniently handle the project.

(v) Chief Engineer Command/Zone is divided into a number of MES districts each under the control of a Commander Works Engineer (CWE). Districts are further sub-divided into divisions and sub-divisions under the control of Garrison Engineers and Asstt. Engineer/SDOs respectively. While Chief Engineers and the CWEs are responsible for the efficient and economic administration of works services for which contracts are concluded by them, the GE is responsible for:

- (a) efficient execution of all new works, maintenance of buildings, E/M installation and roads.
- (b) Proper and economical expenditure of funds allotted to him.
- (c) Observance of technical procedure. In connection with orders placed by him on contractors and payment of bills arising out of such orders.
- (d) Maintenance of construction accounts upon which the system of accounting for Engineer Services is based.
- (e) Periodical inspection of buildings and installations and action resulting from such inspection.
- (f) Assessment of barrack damages.
- (g) Preparation of specifications and estimates for new works and installation within his powers.
- (h) Arrangement for the procurement of stores and furniture.

(vi) The Chief Engineer through his SE(QS&C), EE(QS&C) and AEE(QS&C), CWE through his EE(QS&C) AEE(QS&C) and GE through his Surveyor, Asstt. JE(QS&C) technically check all the bills pertaining to the contracts.

(vii) The MES has since been re-organised into a dedicated service from September 1991 so far as navy and Air Force are concerned to the extent below:

- (a) Creation of dedicated service-wise MES formations upto the Zonal Chief Engineers level, four for Navy for Western Naval Command, Eastern Command, Southern Naval Command and Fortran (Port Blair) and five for Air Force for Western Air Command, south Western Air Command, Central Air Command, Eastern Air Command and Southern Air Training Command.
- (b) Provision of Engineer Officers integral to the staff of Naval and Air Headquarters and Naval/Air Force Commands.
- (c) Authorisation of Additional Chief Engineer (Navy/Air Force) on the establishment of the Chief Engineer, Southern Command.

(viii) Barrack Service is a branch of the MES. The complete administrative control of Barracks/Stores Branch rests with MES. The CWE through his Senior Barracks Stores Officer (SBSO) and the GE through his Barrack Stores Officer (BSO) are responsible for the administration of this Branch.

- (ix) The Barrack/Stores Branch is responsible for the following:
  - (a) handing and taking over of buildings.
  - (b) Occupation returns and recovery of the rent for accommodation and allied services.

- (c) Payment of rates and taxes
- (d) Care of vacant buildings
- (e) Assessment and recovery of barrack damages
- (f) Provision, custody, maintenance, issue and accounting of furniture of MES supply including regular stock taking
- (g) Provision, custody, preservation, issue and accounting of stores including regular stock taking.
- (h) To ensure whether occupation/vacation reports have been submitted by.

(x) A representative of the DAD designated as Asstt. Accounts Officer is attached to the office of each GE/BSO. His functions are three fold:

- (a) as accountant i.e. maintaining certain accounts in accordance with the prescribed rules and from the data furnished to him:
- (b) as primary auditor i.e. charged with responsibility of applying certain preliminary checks.
- (c) As financial assistant i.e. as the general assistant and adviser to the GE on all matters relating to accounts, budget, allotment, contracts and operations of financial rules.

(xi) All the MES offices from E-in-C to GE have the following sections. The subjects normally dealt with by various sections are shown against each:

| <b>Section</b> | <b>Subject</b>   |
|----------------|--|
| E-1            | General/administrations and personnel                                      |
| E-2            | Works (Policy, Planning & Co-ordination)                                   |
| E-3            | Barracks and stores services   |
| E-4            | Electrical and mechanical services   |
| E-5            | Budget and expenditure   |
| E-6            | Drawings including records in respect of buildings, structures, roads etc. |
| E-8            | Contract and technical check   |

(xii) Besides the sections referred to in para above, GEs offices will have an account section headed by an Accounts Officer whose duties are mentioned in para 545(x) above.

(xiii) All the maintenance divisions will also have a divisional stock to cater to the stores requirement of maintenance/minor works. The divisional stock will be under the control of BSO.

### **Section 'A' 'Works Audit**

#### **Planning and Execution of Works Projects**

**546.** MES procedure lays down three fold control over all the projects. The three fold control are:

##### **(i) Administrative Control**

Administrative Control is exercised by the Government of India and subordinate Competent Financial Authorities to ensure that the services

provided for are really necessary and are in accordance with current policy and scales.

**(ii) Financial Control**

Financial control is exercised by CFA through MES to ensure that the service is approved and funds are allotted for its execution and proper accounts are maintained to ensure that the allotment is not exceeded.

**(iii) Technical Control**

Technical control is exercised by the MES before and during the execution of a project to ensure that scales laid down by the Government is followed, the design and specification adopted are sound and economical, estimates are prepared, as accurate as possible, the works are inescapable and that no cheaper alternative is feasible, the executions are according to specification, a high standard of work. is obtained and accounts are properly kept to check that the expenditure included on any particular project does not exceed the allotment.

**Procedure for Sanctioning and execution of works**

547. Project/civil works should be processed through well defined stages which are as follows:

**(i) Pre-Admn Approval Stage**

**Stage-I - Initiation of Works by the users**

The users indicate their requirements in broad parameters and carry out a reconnaissance (Reece) along with the Engineers to select a suitable site.

**Stage II - Preparation of rough cost on a not exceeding basis**

Based on the requirements and site, the local engineers prepare a rough cost on a not exceeding basis with a view to determine the CFA.

**Stage III - Key/Zonal plan/recce**

CFA considers and agrees in principle to progress the project further. He orders a key/zonal plan recce by a board consisting of all the authorities concerned.

**Stage IV - Preparation of indication cost**

On the basis of key/zonal plan recce the engineers prepare an indication of cost on the plinth area basis adding a suitable percentage for external services. An engineer appreciation for the project is also prepared. These two documents are submitted to the CFA along with recce board proceedings. It is at this stage that projects involving expenditure exceeding Rs 5 crores but less than Rs 20 crores have to be progressed on file and Rs 20 crores and above with EFC/CCP A.

**Stage V - Acceptance of necessity**

CFA accepts necessity for the entire project based on the key/zonal plan recce prepared in stages III and IV.

**Stage VI - Siting board**

A siting board is now ordered consisting of all the authorities concerned. The board determines the layout and the siting of buildings, the extent of additional

external services necessary, utilization of existing necessary assets, after taking into consideration the accommodation statement prepared jointly by staff and engineers.

#### **Stage VII - Approximate Estimate**

Based on the approved siting board, the engineers prepare the AE based on plinth area rates for buildings, cubic rates in case of external services. The siting board along with the AEs are submitted to the CFA. If the AEs exceed the amount of acceptance of necessity by more than 10%, approval of the CFA will be sought to progress the project further.

#### **Stage VIII - Admin Approval**

CFA issues Admin Approval to the project. In actual practice, stage V and VIII are often combined. Powers of administrative authorities for, according Admin Approval are contained in Table A of RMES, as amended by Government letters from time to time.

#### **Stage IX- Key Location Plan**

Key location plan should be approved by the competent authority before issue of Admin Approval.

### **(ii) Post Admin Approval Stage**

#### **Stage X - Appropriation of funds**

The services HQrs indicate the requirement of funds year wise to the Government at the time of Budget Estimates. After the demands for grants have been approved by the Parliament, necessary allotment of funds is made to each work.

#### **Stage XI - Technical sanction**

The Competent Engineering Authority (CEA) prepares the drawings, costed schedule of works and accords technical sanction which is a guarantee that the proposals are structurally sound. Powers of Engineering authorities for TS are given in Table B of RMES.

### **(iii) Executing Stage**

#### **Stage XII - Execution of the project**

Tender documents are prepared based on TS and drawings. After tenders are invited and contracts concluded the physical execution takes place.

#### **Stage XIII - Completion Reports**

On completion of a project, the engineers submit a physical completion report (part A) pending finalization of the accounts. After adjusting all liabilities and closure of project, Part B of the completion Report is submitted indicating the completion cost of the project.

### **Audit Procedure**

#### **548. (i) General Instructions**

In undertaking test audit of MES formations the provisions of Regulations for the Military Engineer Services, Standing Orders for MES, DAD OM Pt. VIII, MES Local audit Manual and UA's Manual should be taken into account. The test audit that is undertaken in the offices of the Chief Engineers/CWE as well as the MES Divisions



cover the audit of contracts based on sanctions issued by the competent financial authority the execution thereof, payments relating thereto, procurement of stores and various installation accounts as brought out in the succeeding paragraphs.

- (a) For effective test audit of a MES Division, it is essential that the auditors should have not only a grasp of the principles of accounts and audit in relation to the MES and Public Works transactions, but should also be able to apply correctly the schedule of rates and specifications prescribed in the contract.
- (b) Before commencing the Test Audit Inspection of an office of the Military Engineer Services, the previous test audit/internal audit reports, reports of the Technical Examiner should be scrutinised.
- (c) The report of Inspection of Accounts of Works and Stores by Administrative Officers since the last test audit inspection, should be studied and it should be seen that adequate action has been taken to remedy the defects that brought out in these reports (para 26 of MES Local Audit Manual).
- (d) The Local Test Audit party employed for the inspection of MES Divisions should scrutinize the accounts of atleast one sub-division under the division.
- (e) Report>Returns called for by Branches of Army HQ should be scrutinise carefully during the audit. A list of Reports>Returns called for by Branches/Dtes of Army HQ is given in Annexure – ‘A’ of the chapter.
  - (ii) The final bills selected for audit should be obtained from the Pr. Controller of Defence Accounts/CDA.
  - (iii) The Local Test Audit party employed for the inspection of MES Division should scrutinise the Public Fund/cash assignment cash book at least one month, 100% apart from the general checks of cash book.

### **Audit aspects to be looked into in respect of Works Services sanctioned (E-2 Section)**

**549.** (i) Papers relating to planning stages and post Admin. Approval stages are dealt with in E-2 Sections of Chief Engineer's, Commander Works Engineer's and Garrisons Engineer's Offices. For a proper appreciation of the basis of sanctions relating to works, the execution of works which are proposed to be subjected to Test Audit, papers available in respect thereof in E-2 Section should be scrutinized. It should be ensured in audit that all the stages referred to in Ministry of Defence letter No.95533/POL/CSS/770/DO-II/E2(WKS)/D(WKS-II) dated 4th July 1986 were adhered to unless there are exceptional circumstances as mentioned in para 10, 11 and 12 of Defence Works Procedure.

- (ii) It should be ensured in audit that:
  - (a) acquisition of land is completed before issue of Admin Approval.
  - (b) Once the Zonal/Master plan has been approved, the same is not changed. In case any change is required, justification for such change has been explained and approved by next superior authority.
  - (c) The siting board referred to in Stage VI of para 547(i) is accompanied by an accommodation statement indicating interalia the facility

required, facility available etc.

(iii) Further the accommodation statement should be verified to ensure that:

- (a) it has been correctly worked out.
- (b) Existing assets if any, were taken into account with reference to RTMB/RPMB.
- (c) The accommodation is worked out based on the PE/WE of the establishment.

(iv) The following points should be borne in mind while auditing the Administrative Approval:

- (a) the service/works is for a bonafide public object.
- (b) The accommodation has been sanctioned in accordance with the scales laid down by the Scales of accommodation 1983 and various policy letters issued by the Government from time to time and no deviation from laid down scales are effected.
- (c) The service is being sanctioned for the authorized PE/WE
- (d) No special works have been sanctioned by lower CFAs where the sanction of such special works involve introduction of new practice or change of scales.
- (e) The sanction is accorded by the authority competent to do so.
- (f) No project has been split up to bring it within the financial powers of a lower financial authority.
- (g) Where a large number of services in a station or area is necessitated by a change of plan or policy, all such services have been considered as one project for the purpose of Admin Approval.
- (h) All the works catering for a short term requirement have been approved for construction based on temporary specification.
- (i) time schedule for pre and post Admin Approval laid down by GOI MOD vide letter No. 95533/POLICSS/E2/(WPC)/472/DO-II/D(W-I) dated 24.4.1986 as amended from time to time has to be borne in mind and it should be ensured that the Admin Approval was accorded based on the time schedule prescribed.
- (j) In case of facilities exclusively for troops it should be ensured that the strength of civilians have not been included while working out the facilities required.
- (k) In the case of construction of married accommodation for JCOs/ORs it is ensured that married accommodation has been approved for only authorised percentage of the strength of the JCOs/ORs .
- (l) While examining Admin Approval leading to the sanction of married accommodation for civilians of MES it has to be seen that percentages of authorisation of married accommodation for each post as laid down by E-in-C vide letter No.A/OO142/E2Army/Tech Coord dated 31st July 1989 has been adhered to.
- (m) In the case of construction of married accommodation it has to be ensured that optimum utilization of land is taken care of. It should also be seen that the revised land norms as prescribed by GOI MOD letter

No.12026/41/84/D(Lands) dated 19.2.91 and Married Accommodation Project Works procedures 2003 laid down in Govt. of India, Min. of Defence letter No.20203/MAP/WKS Proc/D(Works) dt. 13.11.2003 have been ensured.

- (n) The scales as prescribed in Scales of Accommodation 1983 alongwith amendments thereto and as modified by Govt. of India, MOD letter No.1(1)/2001/D(Works-1) Vol.III dated 29.5.2002 are normally floor areas (FA). In order to convert the same into plinth area a certain percentage is added to the approved FA as contemplated in E-in-C's Branch letters issued from time to time. It should be ensured that the percentage of conversion factor added to the FA is in accordance with E-in-C's policy.
- (o) That the Admin Approval has been accorded taking in to account basic plinth area rates applicable to each zone (worked out on the basis of SSR) laid down by E-in-C from time to time.
- (p) In respect of cases where the sanctions were accorded under para 10, 11 and 12 of Defence Works Procedure 1986, it should be ensured that necessary estimates for such sanctions are finalized within six months of ordering such works and regular Admin Approval issued within a month or so thereafter.

(MOD letter No. a/00392/E2 WPC/781/87/D(W-1) dt.9.2.88 & QMG's Branch letter No B/01247/Q3W(policy) Dt. 24.3.88) .

- (q) over and above the rates worked out in Approximate Estimate part II to the Admin Approval certain percentage towards Market Variation and Difference in Cost of Stores is added to the cost. It should be ensured that Market Variation is worked out based on similar works executed in the area and approved by CE. Difference in Cost of Stores is worked out based on the difference in issue rate and stock book rate.

#### **Audit of Contracts in CE, CWE and GE's Office/AGE(I) (E-8 "Section)**

**550.** (i) Chief Engineers and Commander Works Engineers are responsible for efficient and economic administration of work services for which contracts are concluded by them. The GE not only concludes contract agreements within powers vested but also executes contracts concluded by him and by the CE/CWE.

(ii) While in the offices of Chief Engineers and Commander Works Engineers, test audit undertaken relates mainly to the audit of contracts concluded by CE/CWE as the case may be, the test audit of GE's Offices covers not only the audit and execution of the contracts concluded by the GE but also the execution of works entrusted to him under contracts concluded by the CE/CWE relating to his division. For this purpose contracts concluded by these authorities since last audit and also the contracts, the execution of which was in progress since the last audit should be taken into account.

(iii) For the purpose of conclusion of contract agreements, contractors are enlisted by the MES for each type of work with reference to the financial soundness of each contractor. The classification, value of standing security bond, limit of minimum reserves and competent enlisting officer etc. are contained in para 503 of RMES amended. The tender documents are prepared after taking into account the site

plan showing layout of the buildings to be included in the contract, list of stores to be issued by the government under the contract (Schedule B) particulars of tools and plants to be issued by the Department to the Contractor (Schedule C), supply of water and electricity to the contractor, availability of land for accommodation of labourers, canteen, fabricating workshop, availability and source of quarries for extracting stones, moorum, sand etc. Tender documents are normally issued to contractors borne on the approved list. However MES officers have discretion to withhold the issue of tender to any contractor. The reasons for non-issue is recorded in the proforma prepared by MES on the selection of contractors for issue of tenders. The tenderers will be given 4 to 8 weeks for quoting their rates. The time limit extended to contractors for quoting their rates are issued by E-in-C from time to time. Tenders received are scrutinised by engineers and a comparative statement of tender is prepared and contracts concluded normally on the lowest tender obtained. The contract agreements thus concluded are sent to CDA within the time frame laid down by the Engineer-in-Chief.

(iv) In cases where the lowest tendered rates exceed the sanctioned amount provided for in the Admin Approval, financial concurrence of the CFA is obtained before concluding the contract.

(v) Before auditing the contract the technical sanction leading to the conclusion of the contract should be scrutinized to ensure that:

- (a) The sanction of engineering authority competent to accord technical sanction for the work has been obtained.
- (b) The scales have not been violated while preparing the technical sanction;
- (c) The scope of work contemplated in the technical sanction does not vary with the admin approval;
- (d) The technical sanction does not exceed the amount of Admin Approval;
- (e) The changes incorporated in the technical sanction are necessitated by engineering reasons.

(vi) The notices sent to various contractors inviting their tenders should be examined to see:

- (a) that the notices do not differ from each other in respect of scope or items of work to be done, the conditions of work, the value of the work, stores to be supplied etc. .
- (b) that the contracts entered into with the successful tenderer does not show any departure from the terms of the notice.
- (c) That no special condition at variance with the general conditions of contract has been included in the tender.
- (d) That the inclusion of such special condition at variance with general condition at pre-tender stage has the approval of the CE.
- (e) that the NIT is circulated to all MES divisions and displayed on notice Board.
- (f) That NIT in respect of works costing to 5 lakhs is published weekly in national/local news papers.
- (g) that the sufficient time has been given in NIT for receipt of application from contractors for issue of tender time schedule.
- (h) that the estimated cost of works, PDC (Probable Date of Completion)

inserted in NIT are realistic.

(vii) The comparative statement of tenders prepared should be carefully scrutinised with the proforma on the selection of contractors and rejected tenders to see that:

- (a) tenders have been issued to contractors in the approved list.
- (b) In case of non-issue of tenders to any contractors, the reasons therefore has been recorded and the recorded reasons are convincing.
- (c) In cases where sufficient applications for issue of tenders are not received from contractors of appropriate class, only contractors of one class below the eligible class was selected (provided their past performance is satisfactory and they are capable of handling the work).
- (d) In exceptional cases only (viz. in difficult hilly areas where due to remoteness of site and insufficient applications from the eligible contractors) tenders were issued to existing enlisted contractors borne on two classes immediately below the eligible class.
- (e) In case of rejection of an application for issue of tender, the reasons therefore has been intimated to the next higher engineer authority.
- (f) Sufficient publicity is given while calling for applications for tenders.
- (g) The time allowed for tenderers to quote their rates is in accordance with the instructions issued by E-in-C.
- (h) The contract has been concluded on the lowest tender obtained.
- (i) In respect of original works, tenders are not issued before according technical sanction (para 26(a) of Defence Works Procedure (1986).
- (j) In the case of works executed by specialist firms on their own designs, contracts are accepted only after issue of TS (para 26(b) of DWP 1986).
- (k) Negotiations with the tenderers were not carried out.
- (l) No revised quotation was submitted after opening of tenders.
- (m) Retendering is not resorted to as a matter of routine.
- (n) Wherever re-tender is resorted to, tenders are issued to additional contractors to stimulate competitions.
- (o) Whether advice of the CDA has been taken before a tender of an unusual nature is accepted.

(GOI MOD letter No.33416/E8D(Works-II) dt. 1.10.2001.

**551.** In the case of lump sum contracts it should be seen that detailed drawings and specifications were ready before the tenders were invited and formed the basis on which the contractors tender their lumpsums rates.

**552.** It should be ensured that the contract has been concluded by competitive tendering and only in special cases contract is concluded on a single tender basis and that the powers of conclusion of such agreements as contained in para 32(a) of DWP 1986 have not been violated.

**553.** Cases in which contracts are concluded on a single tender basis, should be scrutinised to ensure that the rates allowed are reasonable and compare favourably

with those for similar works for which contracts were concluded after calling for tenders. The rates obtained in the accepted tender should be viewed in relation to the prevailing market prices. The rates should be compared with those in the previous year's contracts for the same item of work and any large variation carefully examined. It should be seen that reports regarding single tender contracts required to be sent under Para 432 of RMES have been rendered to the authorities concerned.

**554.** The contract agreements concluded by CE/CWE/GE should be scrutinised to see:

- (i) that there is no undue delay in the preparation of tender documents, after the release of the work;
- (ii) that the tender considered for acceptance does not contain any freak rates. (a freak rate is one which exceeds or falls below the estimated reasonable rate by more than 50%). The rates accepted may be checked with reference to market analysis carried out and kept on record.
- (iii) That the agreement concluded do not contain any ambiguity or misconstruction;
- (iv) That the site for the work was available for handing over to the contractor;
- (v) That the amount for which contract was concluded does not exceed the amount provided for in the Admin Approval;
- (vi) That in cases where the amount of the contract exceeded the amount provided for in the Admin Approval, necessary financial concurrence (FC) of the CFA has been obtained;
- (vii) That while initiating proposals for FC, necessary corrigendum in terms of para 22(c) of DWP has been initiated;
- (viii) That the time frame for initiating FC cases as contemplated in Standard Operating Procedure issued by E-in-C vide letter No. POL/E2(WPC) dated 11.4.88 has been adhered to;
- (ix) That the contract has been concluded by the competent Engineer authority who has been empowered under Table B of RMES to accept the tender;
- (x) That the specifications provided are as per E-in-C's technical instructions.
- (xi) That the plinth areas as provided in the CA is in accordance with the Admin Approval which is based on scales/policy laid down by the Government/E-in-C from time to time;
- (xii) That E-in-C's standard drawing has been followed;
- (xiii) That the agreement was concluded within the time frame prescribed by Ministry of Defence vide letter No. 95533/POL/CSS/E2(WPC)/472/DOII/D(W-I) dated 24th April 1986 as amended from time to time; (Ministry in its letter dt. 24th August 1986 has prescribed stagewise time frame for the conclusion of contract from pre Admin Approval stage onwards).
- (xiv) That the contract 'has been concluded on standard form;
- (xv) That the contract does not contain any condition of an unusual nature of which commits Government to an indefinite liability or is otherwise

likely to operate to the disadvantage to the State;

- (xvi) That there is a provision in contract for recovering liquidated damages from the contractor in the event of his failure to fulfill his part of the contract.
- (xvii) That in case of contract relating to supply of materials the rates and places of supply have been specifically mentioned with separate rate for each place;
- (xviii) That the contractor has executed necessary security bond;
- (xix) That the margin for overheads and profits of the tenderer does not exceed 17.5% of market rate;
- (xx) Not infrequently does it occur in Schedule 'A' of item rate contracts that due to lack of proper survey and inspection of the site by engineers, the quantity of certain cheaper items of work which in fact should be only nominal, are highly exaggerated while the estimated quantity of costlier items are shown much less in the tender documents. In actual execution, sometimes the position reverses and the quantum of cheaper items of work for which the successful contractor had quoted very low rates (by virtue of which his tender became the lowest) have to be carried out at very excessively high rates. It should be examined in audit that consequent upon the reversal of the position, the accepted tender remains the lowest.

**555.** In respect of works where specific percentage of the total cost of building has been added in the Admin Approval towards provision of special architectural features and superior specification (para 16(A) (d) of DWP 1986) it should be ensured while scrutinizing the CA that the amount has -been catered only for the provision of such specifications.

**556.** It should be ensured that special tenders such as those of cost plus type has the prior sanction of E-in-C (para 32(b) of DWP 1986).

**557.** In respect of sanctions in which 16 ½ % of plinth area is added to the plinth area authorized for stone construction, it should be ensured that the specification in the CA also provided for stone construction.

**558.** It should be ensured that the amount provided for contingency in the sanction is utilized only for unforeseen expenditure on work items including cost of models, temporary storage accommodation etc. only and the amount is not utilized for providing for works not sanctioned.

**559.** It should be seen that the supply of MES stores to contractors has been eliminated as far as possible. In cases where issue of any materials is agreed to in a contract, it should be seen that provision of supply of stores is restricted only to those stores that are authorized for inclusion in Schedule 'B'. It should also be seen that stores intended for issue by MES are really necessary for the execution of the particular work and that the notice calling for tenders provides for the supply of materials at specified rates and that the place of issue has been definitely defined.

**560.** It should be seen that provision for issue of stores not originally included

in Schedule 'B' is made only by an amendment to the contract and the recovery in respect of such stores is provided to be made at the prevailing stock book rate or market rate whichever is higher.

**561.** At stations where there are term contracts, it should be seen that the employment of departmental labour is limited to the minimum.

### **Work Execution**

**562.** (i) After the contract is concluded, work order is placed on the contractor for the commencement of work. The delay, if any, in placement of such work order should be examined to see that the delay is not due to non-availability of land.

(ii) If the delay in placement of the order was due to non-availability of land, it should be examined to see as to how a CA was concluded without the land being available for the work. If there is any delay in commencing the work by the contractor, it should be examined to see as to what action was taken by the Department.

(iii) It should be ensured that the work should be commenced within six months after release of works.

(iv) It should be ensured that the works on the contract agreement is completed within the time limit laid down in the agreement. In case of non-completion of work before the probable date of completion, the contractor ask for extension of time is scrutinized by the contract accepting officer and extension granted, if necessary. Such extension of time granted to contract agreements should be scrutinized to ensure;

(a) that the reasons for grant of extension of time is genuine;

(b) that the extension granted is justified;

(c) that the extension is not granted due to non-issue of stores and delay in handing over of accommodation or site etc.

(v) The cumulative effect of extensions of time granted to contractors should be compared with the original period for completion. It should be specifically seen with reference to work diaries maintained by sub-divisions whether the delay was due to deployment of inadequate work force and delay in bringing stores to the site for incorporation in the work.

(vi) Cases of considerable delays in completion of works due to hold ups during execution on account of non-availability of Schedule 'B' stores, changes in the scope of works at the instance of user units, deviations from the accepted provisions due to technical/ground conditions should be critically examined and analysed to see how far such delays could have been avoided.

(vii) The extension granted to complete the work on the contract agreement will not only affect the completion of the project as a whole but also entails payment of escalation cost to the contractor during the period of extension. It should be seen that delay in completion of the works did not result in:

(a) continued payment of compensation in lieu of quarters (CILQ) to the JCOs/ORs or reimbursement of house rent to service officers for continued occupation of houses from private sources;

(b) wastage of tentage in the case of project related to other than Married



Accommodation (OTM);

- (c) delay in installation of equipment affecting the repair programme of the workshop or production holdup with resultant effect in regard to availability of facilities envisaged. Such cases should also be got further examined to ascertain whether as a result of delay any extra expenditure was incurred on making alternate arrangements in procurement etc;
- (d) deterioration of stores in the case of projects intended for the provision of storage accommodation for CODs/ODs;
- (e) alternate arrangements being made resulting in extra expenditure due to delay in provisioning or air conditioning facilities;

(viii) After issue of Admin approval and contract has been concluded no sites should be changed in respect of Admin approval issued by Govt. of India, incase the necessity has been arisen, the Govt. approval must be obtained.

**563.** In cases where extensions were granted due to the failure of the MES viz non- issue of Schedule 'B' stores due to delay in timely procurement, delay in handing over site etc. the consequent escalation costs paid to the contractor should be collected and commented upon.

**564.** During the execution of work, material improvements may suggest themselves which may make it necessary to carry out deviations from the contract. In such cases deviation orders are issued as part of the contract. In certain other circumstances amendments to the contract agreement would have been found necessary. In respect of such deviation orders and amendments it should be seen that:

- (i) The deviation orders are priced properly;
- (ii) The deviation orders are authorized *only* by the officer who accepted the contract;
- (iii) No deviation is ordered if it entails an increase on the sanctioned expenditure.
- (iv) No deviation is ordered beyond the deviation limit specified in the contract;
- (v) The deviation orders clearly state how the deviations are to be measured and priced;
- (vi) Issue of amendment does *not* involve enhancement of contract rates;
- (vii) In the case of issue of an amendment involving enhancement of contract rates, sanction of next higher authority is obtained;
- (viii) Deviation orders are finalized within 6 weeks from the date of ordering these works on the contractors.

**565.** (i) Deviation orders might have been issued during execution of works on account of:

- (a) changes in the specification necessitated by technical/ground condition;
- (b) Users requirement;
- (c) Changes in the dimension/section of material catered for in Schedule 'B';
- (d) Inability on the part of MES to issue Schedule 'B' stores/tools and plants

under Schedule 'C'.

(ii) While scrutinizing such deviations it should be analysed whether these deviations could not have been foreseen and whether they resulted in;

- (a) delay in execution of work
- (b) extra cost to Government
- (c) disputes with contractors leading to arbitration

**566.** (i) After completion of work necessary completion certificate is issued by the GE indicating the date of completion. It should be seen that the buildings so constructed is handed over to the users within one month of the date of completion of the work. It should be seen that the procedure laid down by E-in-C in this regard is followed.

(ii) It should be seen that if the contractor notifies the GE that the work has been completed and the GE is of the opinion that the work is not complete, whether GE has intimated the contractor about the details of incomplete work as on the alleged date of completion with a copy to the Accepting Officer (CE/CWE).

(iii) If at the time of issue of completion certificate by the GE, there are some defects, it should be seen whether the defects were pointed out to the contractor and entered in the Works Passing Register.

(iv) Defects if any, pointed out by the users after the buildings have been handed over to them should be promptly notified to the contractor for rectification.

(v) It should be ensured that the defects if any, pointed out by the MES/Users are rectified by the contractor during the maintenance period of the contract.

**567.** Completion of Works are delayed on account of tardy progress of works by the contractors. While scrutinizing the CAs, the delays in completion of works by the contractors should be examined to see that due diligence notices have been issued to the contractors. Reply to such notices by the contractors should be examined to find out:

- (i) Whether there was laxity on the part of the engineers in overseeing the works during execution;
- (ii) Whether such tardy progress was due to delay in taking decisions or indecisions on such matters brought to their notice by contractors.

**568.** In the case of cancellation of contract due to tardy progress and conclusion of fresh contracts at the risk and expense of the defaulting contractor, it should be seen whether the works left over by the defaulting contractor were properly assessed.

**569.** Defects, if any, noticed soon after the completion of works should be examined in detail to ascertain whether the defects could not be detected before the issue of completion certificate.

**570.** In the case of execution of work on special repairs to buildings, audit should check up the Register of Buildings to know the date of completion/construction of the building. Such CAs should be audited to see:

- (i) that necessity for carrying out the special repairs;

- (ii) that the special repairs are not carried out to overcome the sub-standard specification provided in the earlier contract;
- (iii) that special repairs are carried out to the building that are recorded to be in existence in the Register of buildings.

**571.** In the case of execution of repair works to roof leaking/seepage to any building, audit has to check up from the Register of Buildings as to when the building was constructed and the type of water proofing treatment originally provided to the building. It should also be ensured in such cases that the guarantee period to that treatment has expired before going in for fresh water proofing treatment.

**572.** In the case of execution of main building works it should be ensured that work on all external services are also executed to synchronise with the completion of main building. The non-utilisation of the asset due to non-synchronisation of external services should be looked into and commented upon.

### **Contract for specialised work**

**573.** (i) Procedure for issue, receipt and scrutiny of tenders for specialist works based on contractors own design/specification are contained in E-in-C's Branch letter No.16799/Gen/E8 dt.6.2.1979.

(ii) In the case of a specialist work a tender which is numerically lowest may not necessarily be the most acceptable from technical consideration and may not, therefore, be the lowest for the purpose of acceptance. Conclusion of such type of contracts may be examined in detail to find out;

- (a) Whether the basic requirement of the user units are met by the design selected for acceptance;
- (b) Where the authority issuing the tender had specified use of any particular material the design selected for acceptance caters for the use of material which are fundamentally same or analogous thereto;
- (c) That all such tenders are issued by the CE irrespective of cost (after scrutiny of design by CE' s staff, tender may be sent to CWE or GE for acceptance in case if it is falling within their financial power);
- (d) No reference has been made to any tenderer other than the tenderer who is being considered for acceptance after opening of 'Q' envelopes;
- (e) That a report containing reasons for accepting the tender whether lowest or otherwise together with technical appreciation of the suitability of the design selected for acceptance is prepared by the Accepting Officer;
- (f) That a suitable clause is inserted in the tender documents for training of MES personnel by the contractor.

**574.** (i) The MES is responsible for maintaining all the buildings and other allied services. This involves constant occurrence of small repair works and sometimes some new works (minor works). The necessity for repairs is ascertained from the scrutiny of Unit Repair Book maintained in Form IAFW 1805 during the monthly inspection by AEE/AE and quarterly inspection by GEs. These repairs and minor works are carried out by anyone of the following agencies:

- (a) Term Contract
- (b) Directly Employed Labour (DEL) i.e. Muster Rolls or Casual Personnel
- (c) Measurement or lump sum contracts (periodical services, special repairs etc.)
- (d) Troops labour for minor work

(ii) The term contract is arranged for a fixed term, usually one year for executing small jobs and repair works. The contract area is defined by attaching a site plan showing the boundary and the total amount of work is not mentioned in TC. Minor works upto Rs 3000/- and repair works on ordered on TC through a work order slip (IAFW 1823 'A'), ordinary requisition (IAFW 2158 and 1833) and urgent requisition (IAFW 1817). Works exceeding Rs 3000/- but not exceeding Rs 40,000/- are ordered through work order and measured on completion in a Measurement Book.

(iii) Works ordered on ordinary requisition

- (a) Requisitions for repairs, periodical services and minor works are prepared in triplicate on 'Requisition Detail' (IAFW 2158). After entering the approximate cost of IAFW 2158, the items of repair works are carried forward to IAFW 1833 (in duplicate). While GE/ AEE/AE allots funds for the purpose the same is entered in Construction Account. The triplicate copy of IAFW 2158 with Work Order Slip (IAFW 1823A) is then sent by Engineer-in-Charge to the contractor for execution of work. The progress of work is monitored by AEE/AE of sub Division through the Register of Requisitions (IAFW 1787). The GE also keeps a consolidated Register pertaining to his division in a bound book called 'Copies of orders on contractors' (IAFW 2160).
- (b) On completion of the work, requisition details are revised by the Engineer-in-Charge in the presence of the contractor and all the copies of IAFW 2158 are corrected. Revised and completed IAFW 2158 (original) and IAFW 1833 (original) are then attached to the final bill for payment.

(iv) Urgent Requisition

In the case of urgent repairs ordered on the TC, the procedure is the same as above except that the order slip and details of work to be done are sent immediately to the contractor and the cost reported to the GE as soon as possible for entry in the Requisition Register. In the case of execution of work by DEL, the requisition carried out by DEL are numbered and entered in the DEL Register as soon as they are received and issued to the JE concerned as a work order. On Completion of the work, the details of labour time and stores are entered in the back of the form and returned to the AEE/AE of sub division for record.

**575.** While examining the works under TC, it should be seen that:

- (i) the rates of recovery for the materials issued on payment under Schedule 'B' are priced in accordance with SSR for materials supplied only;
- (ii) the materials salvaged from dismantling and refixed in the same building or another building situated within a radius of 200 metres are issued for fixing only;
- (iii) the old serviceable material not included in Schedule 'B' are issued at SSR rates plus/minus contractors percentage or market rate for new material whichever is higher;

- (iv) that no motor transport is hired to the contractor;
- (v) advance payments are paid at an interval of not less than 30 days and the estimated value of work performed is not less than Rs 3000/- and Rs 10,000/- respectively, in respect of new work and repair work.

**576.** In the case of work carried out by the DEL it should be seen that:

- (i) the AEE/AE of sub Division maintains a daily record showing the employment of the DEL;
- (ii) progress reports for the work is maintained;
- (iii) the progress report of the work compared favourably with the number of DELs inducted.

### **Deposit Works**

**577.** (i) Deposit works are those which are executed from funds received from non-government sources viz. Cantonment Board, any Public body or private *person* etc. Responsibility for deposit works is identical to that for Defence works except that MES is not responsible for:

- (a) any unavoidable delay;
- (b) excess expenditure due to unforeseen circumstances viz. alteration in design resulting from inescapable causes;
- (c) paying royalties, compensation under Workmen's Compensation Act or other similar charges not included in the estimate;
- (d) subsequent maintenance (except rectification ordered on the contractor during maintenance period).

(ii) In addition to the cost of work, departmental charges (specified in Table 'H' of RMES) are also levied. In the case of deposit works, funds to meet in full the estimated cost of the work including departmental charges have to be paid before any liability is incurred.

### **Agency Services**

**578.** (i) Agency services are those carried out by MES for other Ministries of the Central Government or for the State Government Departmental charges at the rates specified in Table 'H' of RMES is levied on the concerned Ministry/State government over and above the cost of the work. The principles of agency services are the same as for deposit works except that advance payments are not necessary. Only funds are guaranteed by the Department concerned and necessary debit is raised against the department through the CDA / PCDA.

- (ii) In auditing deposit/agency works it should be ensured that:
  - (a) funds to meet full estimated cost of work with departmental charges have been paid by the agency in respect of deposit works, before commencement of work;
  - (b) the departmental charges have been worked out correctly;
  - (c) prior consent of the authorities referred to in para 306 of RMES has been obtained before the commencement of work;

- (d) no remission or reduction of departmental charges have been effected without the sanction of the competent authority;
- (e) additional financial guarantees have been obtained for agency works to cover the cost of preliminary survey, reconnaissance etc. where necessary in case the work is not finally undertaken.

**579.** (i) The responsibility of exercising technical checks over MES bills has been entrusted with the concurrence of C&AG to the EE(QS&C) subject to the following two conditions:-

- (a) It would always be open to an Auditor of the Defence Accounts Department or of the Defence Audit Department to call for any information or make enquiries on any question arising out of the accounts presented to him for audit.
- (b) The A.A.O. (MES) will see that the accounts or other initial records concerned bear a certificate of the EE(QS&C) having applied the checks for which he is responsible.

(ii) The results of test checks of bills and measurement etc. by the EE(QS&C) attached to the CWE should be reviewed generally to see that the extent of test check is adequate and that the objects with which the establishment of EE(QS&C) was sanctioned are being achieved. It should be seen that in cases in which serious irregularities were detected adequate disciplinary and remedial action was taken.

(iii) The results of test checks by the SE(QS&C) of a Command/Zone should also be reviewed similarly.

- (iv)(a) The technical examination branch for the purpose of exercising independent test checks of MES Works, function under the control of Quarter Master General. The periodical reports of the Chief Technical Examiner are reviewed centrally in the HQrs office. The Command Officers concerned should carefully study reports of the Technical Examiner and cases considered important enough for inclusion in the Report of the C&AG of India should be submitted to the HQrs. Office with full particulars. Similarly, copies of CTEs reports received from HQrs office should be reviewed and cases pertaining to each Command should be noted by the Command Officer concerned with the help of Technical Examiner and interesting cases examined in local test audit of formations concerned. Command Officers should not raise any criticism about the Technical Examiner's report etc. but such cases may be reported to the Director General of Audit confidentially.

(Govt. of India, MOD No.50115/E8 dated 25.6.48 file D/Works/10/47 and DADS NO.2012/D-Works/4/45 dated 26.7.45 and 1773/D-Works/4/45 dt.12thAug. 1946)

- (b) Adjustment of recoveries pointed out in chief Technical Examiner's report and accepted by the Executive should be ensured locally during the audit of the division concerned.

Note: Command Officers can address the CTE/his local staff direct *only* for information on factual matters. Reference to these officers for opinion or views on technical matters should be routed through DGADS (DDA DS HQrs. DO No. 1239/B/W/9/56 dt.27.6.58).

- (v) Any point discovered by audit, which is within the purview of technical

check should be taken up with the Chief Technical Examiner or EE(QS&C) through Director General of Audit, Defence Services and should not be taken up with the Controller of Defence Accounts/ Pr. Controller of Defence Accounts.

## **Arbitration**

**580.** (i) All disputes between the parties to the contract are after due written notice by either party to the contract is referred to the sole arbitration of an Engineer Officer to be appointed by the authority mentioned in the contract document. For the purpose of examining the arbitration awards the Register of Arbitration Statistics maintained by each CE's offices in respect of contracts concluded by him and CWE's offices in respect of contracts concluded by CWE and GEs under him should be examined by audit parties. The arbitration proceedings leading to the award should be examined to ensure that:-

- (a) conditions contained in the Arbitration and conciliation Act 1996 have been adhered to.
- (b) arbitrators are appointed within 30 days from the date of the letter of the party requesting for the appointment of arbitrator;
- (c) the arbitrator enters into reference within a month of receipt of communication appointing him as arbitrator, otherwise chief justice or his designate can state way appoint the arbitrator;
- (d) there is no delay on the part of the MES to finalise its claim;
- (e) the requests by the MES for the postponement of the date of hearing has the prior approval of the next higher authority and signed by the Contract Accepting Officer himself;
- (f) the arbitrator pronounces his award within six months from the date of his entering on the reference;
- (g) in the case of consent between the parties, the award is pronounced within a maximum period of one year from the date of entering into reference;
- (h) pendente lite interest (i.e. interest from the date of reference to date of award) has not been awarded by the arbitrator (such awards can be pronounced only by the Civil Court);
- (i) the arbitrator has pronounced reasoned award in respect of all amounts of claims of dispute;
- (j) no serving officers within a period of 2 years from the date of his superannuation has been appointed as arbitrator;
- (k) the advice of Ministry of Law/Branch Secretariat is obtained in cases where the award is more than Rs 25000/-.

(ii) The limitation period laid down in the Indian Limitation Act (1963) for filing the award in the proper court is 30 days from the date of serving of the notice of the making of the award. It should therefore, be ensured that when there is a valid case for challenging the award, the award is filed in the proper court within the prescribed period.

(iii) In the case of acceptance of the award by the Government, it should be seen that the payment of the sum, awarded has been made as early as possible.

(iv) It should be seen that only CWE in the case of contracts concluded by CWE/GE/ AG(I) and the CE in all the other cases takes a decision to implement or contest the award.

(v) It should also be ensured that action has been taken to regularize the excess payments arising out of the awards where the excess payments ordered under the award arose out of irregular or faulty conclusion or operation of the contract.

(vi) In respect of cases referred to arbitration, before completion of work, it should be ensured that in such cases the sum in dispute is over 25% of the contract sum or involves a claim over Rs 2 lakhs.

(vii) The awards pronounced by the Arbitrator should be examined in detail with reference to the claims and counter claims of the contractor/MES to find out that the award is not a sequel to the defective drafting/execution of CA, delay in issue of stores, etc.

(viii) Arbitration agreement in condition is contained in clause 70 of IAFW-2249 which is invariably attached with the contract agreement.

## **Stores Procurement and store accounting**

### **581.(i) Stores Procurement**

Procurement of cement and steel, which constitute the major construction stores, are carried out as per the procedure mentioned below:

**(a) Cement:** (i) The procedure of issue of cement under Schedule 'B' to the contractors for incorporation in works executed by MES has been discontinued and made as contractor's supply as per the policy issued by MOD vide No.5(2)97DOII/D(Works) dt02 Jan 1998, subject to following conditions:

(aa) CEs Comd will decide the exceptional areas/stations where cement can continue to be issued under Schedule 'B'. E-in-C will be kept informed about these areas/stations by the CEs Comd.

(ab) All contracts concluded by CEs or those within the powers of CEs but delegated to Cs WE will have cement as contractor supply. If however, scope of work in such contracts is such that the quantum of cement to be procured is very small, say less than 200 bags, departmental issue may be permitted at the discretion of CEs Comd.

(ac) In CWE's contracts, when it is considered essential/appropriate to make cement as contracts supply, this may be permitted at the discretion of CEs Comd.

(ii) With reference to the norms laid down by the E-in-C from time to time, Cement will be issued under Schedule 'B' for maintenance and small value works. The quantity forecast of cement will be complied by Zonal CE and forwarded to E-in-C Branch, 75 days in advance of the quarter in which the cement is required. Amendment to this, if any, due to scrutiny by Command CE, will be forwarded 60 days in advance of the quarter to E-in-C Branch. After incorporating the amendments, consolidated quarterly Indent will be placed by E-in-C Branch on DGS&D 45 days in advance of the quarter. The Supply orders will be placed by DGS&D based on the



indent submitted by E-in-C's Branch.

- (b) **STEEL:** Due to improvement in availability of steel in open market, both in terms of quality & quantity, the issue of steel by the Department in MES works under Schedule 'B' has been discontinued and made entirely contractor supply in all tenders issued after 01 Nov 1995, as per policy issued by E-in-C's Branch vide No 192801E-8 dt.01 Sep 1995. Existing stock of steel available with the Department will, however, be utilized for issue under Schedule 'B'. In exceptional situations/conditions, CEs Commands may use their discretion for selectively permitting issue of steel under Schedule 'B'.

**(ii) Audit Procedure**

(a) CE's Office

1. The forecasts for cement consolidated in CEs offices should be examined in the concerned CEs office to ensure that
  - A) the forecasts are prepared based on the norms laid down by E-in-C.
  - B) the sub-allotments made by them to CWE/GE are in accordance with the demand of the respective CWE/GE;
  - C) the time schedule prescribed by E-in-C for initiating the demand for cement has been strictly adhered to.
2. In the case of over/under estimates of cement noticed in CE offices, the same should be marked for examination in the respective GE offices to ascertain its actual utilization.

(b) CWE's Offices

The allotments made by Chief Engineers to CWEs should be scrutinized with the allotment of CWEs to respective Garrison Engineers and the Supply Orders placed by the CWE in respect of cement to ensure that allotments made to the Garrison Engineers and the quantity for which supply orders placed does not exceed the demand of each division. In case of excess allotment over the demand, at the point regarding the utilization aspect of the excess construction material allotted over the demand should be marked for examination in the respective divisions.

(c) GE's Offices

1. The sub-allotments of cement for maintenance to the divisions should be scrutinized in each division with reference to the actual quantity demanded by the division. Any wide variations between the quantity demanded to quantity received should be thoroughly examined to see how such excess/less procurement affected the maintenance work and whether any follow up action was taken by the GE.
2. The actual receipt of cement in the division should be compared with the actual utilization.
3. Procurement of high strength cement should be thoroughly examined in GE's offices. This category of cement used only in the maintenance of Jetty/ Air strip has the potency of high strength only for specified limited period (6 months). It should therefore be seen in the GE's offices whether such cement procured, has been utilized within the validity period of the potency of that cement. Such cement used in other maintenance due to

non-utilisation of the same within its potency life should be looked into and commented upon.

4. Transfer of cement between within the division should be examined to ensure that:
  - A) such transfers are not effected for the utilization of funds;
  - B) such transfers are not made due to cement becoming surplus to the requirement.

### **Direct/Local purchase of stores**

#### **582 Deleted**

**583(i)** The powers of direct purchases are given in Table 'B' item 5(a)(i) of RMES. The stores which are in the running contracts of DGS&D are purchased from the firms holding such contracts.

(ii) The powers of local purchases are given in Table 'B' item 5(a)(ii) of RMES. Local purchase is resorted to only in emergent cases for stocking upto 3 months requirements.

(iii) The direct as well as local purchases of stores should be scrutinized to ensure that:

- (a) The CF A has accorded sanction for the purchase of the stores;
- (b) The conditions as prescribed in Government of India Ministry of Defence letter No.AIO3109/E3P&C/SOI/321/DO-I/D(W-I) dated 7th April 1984 as amended from time to time has been adhered to;
- (c) Payments are made according to the conditions laid down in Ministry of Defence letter referred to in (b) above.
- (d) The purchases were not split up in order to bring the same within the financial powers of a lower authority;
- (e) When spares of an equipment are procured to make the equipment, it should be seen that the total cost of such spares procured for assembling compares favourably with the procurement cost of new equipment itself.

### **Store Accounting**

**584.** Stores procured are booked to maintenance/minor works or works head. If the stores procured are for maintenance/minor works, the same are accounted for in Stock Registers (IAFW 2279) maintained in Divisional Stock. The stores for projects are accounted for in Material Register (IAFW 2225).

**585 (i) Divisional Stock:-** GEs and Engineer Works Sections carrying out works services are authorized to hold four months requirement of stores for minor works and maintenance. For this purpose GEs will submit to CWE a list of items recommended for Divisional Stock who will approve the items of stores and fix maximum quantity of stores to be held by the GE.

(ii) The stores are held in charge in Stock Register (IAFW 2279). This register indicates the maximum and minimum quantity of stores to be held. Stores received for minor works/maintenance are received through receipt vouchers (IAFW 2253) and

issued through indent (IAFW 2274). The issues are priced at Stock Book Rates as compiled in Stock Purchase Register (IAFW 2316).

**(iii) Stock Register (IAFW 2279)**

The stock register maintained in Divisional Stock should be verified to see that:

- (a) the maximum and minimum limits are realistically fixed by the CWE;
- (b) the stores are not kept without issue for a considerably long period;
- (c) the stock verification as contemplated in para 782 of RMES has been carried out.

**(iv) Stock Purchase Register (IAFW 2316)**

This register contains an analysis to determine stock rates. The rates will be worked out by adding estimated cost of stores and freight and a figure representing overhead percentage calculated on the basis of the information provided by the stores overhead, estimates prepared by GE and sanctioned by the CWE. The total thus obtained will be divided by the quantity received to find out the rate per Unit. This register should be checked to see that:

- (a) the rates obtained is correctly worked out;
- (b) the overhead added are in accordance with the stores overhead estimate;
- (c) the rate is revised wherever new purchases are effected which in turn affect the issue price.

**(v) Material Register (IAFW 2225)**

Stores for major works and special repairs are recorded in this register. This register maintained in B/R sub-divisions should be examined to see:

- (a) that the register is maintained in proper form projectwise/original workwise;
- (b) that all receipts and issues of stores are recorded promptly;
- (c) that the stock verification as contemplated in para 782 has been carried out;
- (d) that stores are not procured/transferred merely to utilize the funds.

**Audit of B/R sub-division Accounts**

**586.** (i) B/R sub division not only maintain registers for the receipt and issue of stores but also maintain Construction accounts for each project being executed by the division. The B/R sub-division also maintains work diaries and work passing register.

(ii) On receipt of stores, the sub-division prepares necessary receipt vouchers. Cost of stores and freight charges where debitable are posted as liability in the materials column of the construction accounts of the project concerned.

(iii) The stores are priced with reference to the actual cost without the percentage addition for overheads. The issue rate for this purpose are as per details given in column 'Cost' of Stock Purchase Register (IAFW 2316). The cost is debited by the AAO GE to the relevant work and he forwards TE (Transfer Entry) voucher to the sub division concerned. The liability referred to above is then cancelled and the cost of stores is debited to the work as expenditure.

## **Construction Accounts**

**587.** (i) For the purpose of progressing and controlling expenditure under the various heads of account operated by the MES, two accounts are required to be maintained.

(a) **Construction Account:-** exhibit in detail the expenditure and liabilities incurred on specific items/services.

(b) **Financial Accounts:-** (i) prepared by EDP Section for submission to Government of India from Punching Media submitted by Asstt. Accounts Officers, Accounts Section of GEs and sent to Controllers of Defence Accounts. The financial account will record the receipts and charges summarized and classified under the prescribed budget heads of account.

(ii) While auditing the construction accounts, it should be seen that:

(a) the construction accounts folios are maintained sub-item wise of approximate Estimate Part I of the Admin Approval;

(b) the entries in the construction accounts are made direct from vouchers;

(c) unanticipated receipts credited to the construction accounts are not utilized for unauthorized expenditure without proper sanction; no undue delay takes place in the submission of completion Reports after completion of works.

(d) from the construction accounts (IAFW 2242) an abstract is prepared monthly on the Construction Account Abstract (IAFW 2242-C).

(iii) The Construction Account should be compared and analysed with the MER for each month. While doing so it should be seen that:

(a) the expenditure has not been incurred in excess of the amount of Admin Approval;

(b) in case expenditure has exceeded the amount of Admin. Approval beyond the tolerance limit, revised Admin Approval of the competent authority has been obtained the word "Revised" is previously written against the amount of sanction.

(c) expenditure, if any, booked after the completion of the work and payment of final bill is in order and was incurred with the express permission of the GE.

(iv) The expenditure on important works should be compared with the original grants and the cases where deviations were not justified by special circumstances should be reported to the Director General of Audit.

(v) It should be ensured by the incharge of the party that liabilities are correctly posted in the construction accounts as it is essential in order to know the financial position of the work at any time.

## **Work Passing Register**

**588.** It should be ensured during audit that Works Passing Register is

maintained in the prescribed form as per instructions issued by the E-in-C in respect of projects executed under lumpsum contracts.

### **Work Diary**

**589.** This register is maintained in the case of all works costing more than Rs.20,000/-. The work diary is an authenticated record incorporating all important day-to-day execution of the work and the administration of the contract. The work diary maintained on a day-to-day basis and signed by Engineer-in-Charge and contractor interalia indicates the weather condition of the day, labour engaged by the contractor, important materials brought at site, details of plant & machinery working at site, brief particulars of the work-in-progress etc. The work diaries should be scrutinized to ensure that they are maintained properly and GEs/CWEs inspect these diaries during their visit to site.

### **Periodical Services Measurement Books (PSMB)**

**590.(i)** Periodical Services comprise external and internal painting, lettering, lime washing, distempering, tarring and oiling of buildings etc. required from time to time to keep them in serviceable condition. The normal intervals and variations applicable to each of these services are given in Table 'G' of RMES.

(ii) The sub-divisions maintain these registers which forms the basis of payment for the periodical services got done through term contract. A few periodical services measurement books (PSMBs) should be reviewed to ensure that they are reliable basis for payments for periodical repairs and they bear evidence of check by the Surveyor of Works and kept upto date.

### **Audit of Store & Workshop, cash accounts in MES Furniture Accounts**

**591.** Furniture account of the division is maintained by BSO sub-division. The furniture borne on charge in the divisional books should be checked for a number of units and formations etc. with reference to the scale laid down in the scales of Furniture 1989 and other scales issued by Government from time to time. The furniture distribution ledger should be scrutinized to see that:

- (i) there is no unnecessary accumulation of furniture and there are no excesses over prescribed scales;
- (ii) that no unauthorized articles of furniture are maintained;
- (iii) that no irregular issues have been made. It should be seen that all issues of furniture on hire are supported by proper authority and that the necessary returns for recovery of hire charges are correctly submitted to proper authorities to ensure recovery of hire charges;
- (iv) that there are no excessive condemnation of furniture and if there are, it should be seen whether they are due to over stocking;
- (v) that furniture found surplus or condemned is disposed of to the best advantage of State;
- (vi) that the percentage laid down for expenditure on repairs and renewals of furniture is not exceeded;

- (vii) that the annual verification of the furniture held on charge of the units, formations and installations has been carried out by actual counting in unit lines, unit pool quarters, hospitals etc. during April and May each year. This annual verification should be done by a stock taking team consisting of two MES officers selected by CWEs from two different GE formations other than stock holding GE, one representative from the Station Headquarters and one from the unit concerned. The verification by actual counting of balance furniture in store should be done by another stock taking team consisting of two MES officers selected by CWE from two different formations other than store holding GE and one representative from Station Headquarters.

**592.** Register of losses maintained by GE should be examined and the loss statements referred to in the register should be scrutinized to ensure that:

- (i) the check list as prescribed in E-in-C's Branch letter No.A/03900/ESP-1 (Losses/FE) dated 28th January 1991 has been adhered to;
- (ii) the loss statements are sanctioned by the CF A who is empowered to sanction the loss statements. Powers of sanctioning/writing off of the losses of MES stores are contained in MOD letter No.58832/Q3W (policy)136 D(W-II) dated 20th January 1985 as amended from time to time.
- (iii) the time schedule as prescribed by E-in-C vide his letter No.31490/E3(Losses) dated 5th January 1976 has been adhered to;
- (iv) the loss statements have been correctly prepared and priced
- (v) loss is not written off piecemeal by a lower authority with a view to avoiding reference to a higher authority;
- (vi) surplus are not set off against deficiencies in determining the value of loss;
- (vii) all preventive actions have been taken to ensure against recurrence of such losses in future.

### **Electrical and Mechanical Services**

**593.** (i) Matters pertaining to E/M are dealt with in E/4 section in a MES division. Besides maintaining MT and T&P accounts, the responsibility of preparation of agreements for the supply of electricity and water with the State authorities rests with this section. A comparative statement showing the results of the working of all MES installations in every Command/Zone is prepared annually, separately for water and electricity. This return is the basic document of cost accounting of the installation.

(ii) The comparative statement of MES installations should be scrutinized in Chief Engineer's Office/GE's offices. While scrutinizing the said statement the following points should be borne in mind:

- (a) that the annual return is prepared in accordance with the instructions laid down in par a 901 to 916 of RMES;
- (b) that Technical Inspection by administrative authorities and local inspection of accounts by internal audit are regularly being carried out in accordance with the rules;

- (c) that the consumption of fuel etc. of the machinery bears a reasonable proportion to the standard consumption laid down by manufacturers;
- (d) that the working costs of installations such as salaries and wages, fuel and lubricants are not excessive as compared with the outturn;
- (e) that the results of working of the installation compare favourably with those of similar installation, if any, run by Municipality, Public Works Department etc. in the region.

(iii) Where the expenditure on the maintenance of an installation is shared by the Civil Department and the MES, it is important to see that the return pertaining to the installation concerned shows the MES share of the expenditure and the revenue correctly. It should also be seen that the arrangements between the Civil Department and the MES is clear and definite and has been approved by competent authority and that recoveries, if any, under the arrangement are duly made.

**594.** In some cases, it may happen that the Government of India would have advanced substantial loans to State Govt. repayable on long term basis for part financing of their augmentation projects with conditions stipulated for supply of water/electricity for Defence Department at concessional rates. The terms and conditions relating to grant of such loan are spelt out in sanctions issued by the Government. In such cases it should be seen whether agreements have been concluded with the competent authority of the State Government and whether the agreements clearly spelt out all the terms and conditions as brought out in the sanction. In case of shortfall in the supply of electricity/water as per terms agreed upon, it should be ensured that such shortfalls are made good at the same concessional rate before any revision relating to rates of supply is made in subsequent agreements.

**595.** The power requirements of user establishments/projects are assessed at the formulation stage of the project in consultation with Engineers, based on equipment, machinery and lighting load. Engineers enter into an agreement with the supplying agency on the basis of the maximum demand assessed at the Board stage. The maximum demand thus assessed should be realistic, as consumption below the maximum demand results in payment of minimum demand charges of 75% of the contract demand and consumption in excess of the demand charges results in payment of penalty charges. In view of this the maximum demand for which agreement has been concluded should be corroborated with payment made on the agreement by the E/M sub-division to see that there is no under/excess utilization of the demand. Payments made in respect of under utilisation of maximum demand (Below 75% of contracted demand) and payments of penalty charges for consumption in excess of contracted demand should be scrutinized for comments.

**596.** According to Article 287 of the Constitution of India, no law of State shall impose or authorize the imposition of a tax on the consumption or sale of electricity by Government of India. In view of this, payment of sales tax and electricity duty, if any, by Government should be looked into and objected to in audit.

### **Tools and plant**

- 597.** (i) Tools and plant comprises of;
- (a) general tools and plant like portable machinery, construction plant and

road making machinery, earth shifting machinery and associated equipment, and machine tools etc;

- (b) Mechanical transport and
- (c) miscellaneous equipment like scientific, drawing and delicate measuring instruments, fire fighting equipment etc.

(ii) Spl T&P

1. Para 597(ii) Tools and plants are classified as special tools and plants, divisional tools and plants and installation tools and plants. Special tools and plants are authorized upto a financial ceiling limit of 8% of the total capital/maintenance work load. As per MOD letter No 36086/Spl T&P/ESP-4(M) 242 D(W-II) dt 30 Mar 93, the following 11 nos of Special Tools & Plants are authorised to :MES fmn/units.

- (1) Road Roller 8/10 Tons Power Driven
- (2) Crawler Tractor Size I/II with AID & PCU
- (3) Compressor Air 210 cfm of Tractor Mounted
- (4) Heater Bitumen 250/300 Gallons
- (5) Mobile Aggregate Drying & Mixing Plant (Hot Mix Plant)
- (6) Bitumen Paver & Finisher
- (7) Mach Grass Cutting Machine with Tractor
- (8) Mech Tampers
- (9) Swage pumps, Non-Clogging type with Accessories
- (10) Pneumatic Wheeled Crane 10 Ton Capacity
- (12) ½ Ton Hand Roller

**598.** During test audit of the accounts of tools and plant following points should be borne in mind:

- (i) that tools and plants are not held in excess of authorized scales.
- (ii) Tools and plants which are lying idle for considerable time should be brought to the notice of the GE with a view to effecting their better utilization elsewhere or considered for disposal.
- (iii) Whenever tools and plants are issued on hire, the hire charges have been recovered as per existing rules. In case of damage/loss to the article, the loss on that account is made good.
- (iv) whenever road rollers and locomotives are in use, a proper record is kept of the labour employed on them.
- (v) Small tools purchased and utilized in connection with a particular work are properly accounted for when the work is over.
- (vi) In Schedule of demand for tools and plants, new supplies and normal renewals to existing tools and plants are worked out with reference to scales laid down.
- (vii) Proper record in the form of log book with details of technical data, transfer, repairs, inspection, issue of stores and work done is maintained.
- (viii) The annual, quarterly stock verifications have been carried out in accordance with para 782 of RMES.
- (ix) That tools and plants are not under any circumstances given free or loan to contractors but are only issued on hire for use in work in accordance



with the terms of contract agreements. The cost of any loss, damage etc. other than due to fair, wear and tear together with transportation charges are recovered from the contractor.

### **Mechanical Transport**

**599.** (i) Scales for the holding of vehicles are given in Government of India, in of Def letter No.83211/92-97/ESP-4(M)/6517/D Wks II dt.30 Dec 1992 as amended vide Govt. of India, Min of Def letter No.83211/99-2000/Extn/ESP-4(M)/650/D/Wks dt 08 Mar 2000, as amended from time to time. It should be seen from the unit vehicles register maintained by EM Sub-division that the vehicles held by them are in accordance with such scales.

(ii) The register of the Sub-division should be examined with the issue and receipt voucher therefore to ensure that FOL has been accounted for correctly and that stock verification is being carried out as per the provisions of RMES.

(iii) The car diaries/log books should be scrutinized to see that:

- (a) the duty for which the vehicle is detailed is authorized.
- (b) The signature of the officer authorized to sign the car diary has been obtained for each duty.
- (c) The KPL of the vehicle is not decreased the limit prescribed by E-in-C vide his letter No.38351/ESP-4(M) dt 13.2.91 as amended from time to time.
- (d) The vehicles running between 75 to 80% of the KPL authorized are examined for repairs and maintenance.

### **Workshop Account**

**600.** These should be reviewed generally to see that the expenditure on labour and materials is not unduly excessive. It should be seen that the quantity of scrap value realized is reasonable and is supported by a Certificate from a responsible officer. There is a foolproof system of mustering of labour.

### **Cash Accounts**

**601.** Except vouchers for sums less than Rs 100/- and those relating to Muster Rolls and Industrial Establishment which are retained by Assistant Accounts Officer attached to each division, all other bills and vouchers are recorded by the CDA after post audit. Before commencement of test audit, the cash vouchers for the selected period should be obtained by the Command Officer from CDA/PCDA or by the Local Test Audit Parties direct from the CDA.

**602.** Two Cash Books are maintained in MES divisions viz:

- (a) Public Fund Cash Book for transactions relating to Pay and allowances including traveling allowance claims of MES personnel and
  - (b) Assignment cash book for transactions pertaining to withdrawal from cash assignment and cheques issued to contractors for works.
- (i) Public Fund Cash Book**

The audit checks mentioned in Chapter 28 will hold good for the audit of Public Fund Cash Book of an MES formation.

**(ii) Assignment Cash Book**

It will be seen that:

- (a) the cheques drawn against the engineers cash assignment have been correctly accounted for;
- (b) the amount paid agrees with the amount for which the cash vouchers have been passed;
- (c) each page of the cash book is totalled in ink and the total is carried forward and entered in ink on the next page before any further entries are made;
- (d) the money is not drawn from the bank when cash in hand is sufficient to meet requirements and that the Asstt. Accounts Officer exercises sufficient check over the list of amounts to be drawn as prepared by the Cashier;
- (e) all receipts issued have been accounted for. For this purpose the receipt books in use (as per register of receipt books) by all officers authorized to receive money should be examined;
- (f) at the time of closing cash book the amount of cash in hand has been stated in figures as well as in words and certificate endorsed by the MES officers to the effect that cash in hand has been counted and found correct;
- (g) a statement showing the amount of cheques remaining unrepresented on close of the month, the amount of cheques drawn during the month, the amount of cheques remaining uncashed with details of cheques has been prepared and reconciled monthly with the Bank Statement.

**Audit of Vouchers**

**603.** In auditing vouchers the following points should be borne in mind:

- (i) That special directions given in the remarks columns against the relevant items of schedule of rates are not disregarded and that rates are correctly paid.
- (ii) That special rates for various Items of works are sanctioned by competent authority and that no special rates are sanctioned for items which are covered by schedule of rates.
- (iii) That if any payments are made due to any amendments in the contract after a contractor has signed his final bill, the sanction of the competent authority is obtained to the amendment.
- (iv) That in the case of work executed on a lump sum contract, the charges on account of labour, stores or other payments are debited to the account of the contractor.
- (v) That the material brought at site by the contractor for incorporation in works, taken into account for the purpose of payment of interim payments (RAR) are valued at market rate or rate derived from the contract whichever is lower.

- (vi) That in the case of works executed partly by a contractor and partly by departmental labour, the contractor is not paid for the work done by the departmental labour and that adequate arrangements exist for this check in internal audit.
- (vii) That all plus and minus deviation orders have been taken into account.
- (viii) That over payments, if any, to contractors on Running Accounts are reported to higher authorities through the statement of expenditure held under objection.
- (ix) That claims of Term Contractors are duly supported by orders for work in proper form. It should be seen, interalia that original works costing more than Rs.20,000/- are not entrusted to the term contractor and a single service exceeding this limit is not split up so as to bring the amount within the normal limit of the term contract.
- (x) That damages etc. for delays and for breaches of contracts are reduced or remitted only under the orders of the competent authority and that recorded reasons justify the remission or reduction.
- (xi) That payments to contractors are not much delayed, as such delays have the effect of raising the tender rates in future.
- (xii) That the benefit of subsequent amendments to the schedules of rates has not been given to the Contractor when the Contract is based on the Schedule of rates prior to amendments.
- (xiii) That benefit of any concession by way of reduced railway freight or exemption from octroi etc. not contemplated in the notice for the call of tenders is not given to the contractor.
- (xiv) That in the case of expenditure on repairs and maintenance the repairs are not too frequently carried out, costly materials are not used excessively on such repairs and the cost additions or renewals is noted in the Register of buildings where necessary.
- (xv) That the contractor's percentage is applied to the gross amount of the bill.
- (xvi) That 'payments on account' (RAR) to the contractors are normally made at intervals of not less than a month within the monetary limits in the regulations.

#### **604. Deleted**

#### **Work Load**

**605.** (i) The financial norms of workloads for MES are fixed by the government and conveyed to all CEs by E-in-C from time to time. Separate norms exist for determining the work load for CE, CWE, GE and AGE. While auditing the E5 Section the present and anticipated work load of the CE, CWE, GE etc. should be seen with reference to the financial norms laid down by the Government to justify the continuation of these offices.

(ii) The workload for various years in respect of these offices may be compared critically with the utilization of mechanical transport held by them to find out that the total kilometers run by the vehicles and the FOL consumed bear a direct

relationship with the work load handled by the division.

**606.** Monthly Expenditure Returns (MER) for each project may be compared with the Quarterly Progress Report (QPR) to see whether the financial progress and physical progress are comparable. Abnormal variation between the financial and physical progress should be investigated further to find out the reason for such variation.

### **Rush of Expenditure during March**

**607.** It should be ensured during audit that expenditure has been spread evenly during the work in progress. For this purpose expenditure during March each year should be compared with the expenditure incurred during the remaining months. If the examination indicates rush of expenditure during the month of March, the reasons therefore should be analysed. In the case of rush of expenditure due to late materialisation of stores the following points should be examined:

- (i) whether the stores could not have been purchased earlier;
- (ii) whether the purchases were made with a view to avoid surrender or lapse of funds? For making meaningful audit comments initial allotment, subsequent allotment and final appropriation of funds should be collected and analysed.
- (iii) In the case of stores purchased during the closing month of the year and shown to have been issued, all the issues of stores should be scrutinized to see whether such issues were actually utilized in the projects/works against which the expenditure was originally booked or transferred to other projects/works either within the division, station or outside stations. In the case of transfer of stores to other projects/works, it should also be ensured whether the stores were ultimately utilized in these projects/works or further transfer have taken place.

### **Audit of E 6 Section**

**608.** (i) After an original work has been completed and part 'A' and 'B' of the completion report in regard to the work has been submitted by the GE, records for the building/structures erected are entered in Register of Buildings. Two separate registers viz. RPMB and RTMB are maintained by the GE for this purpose to record details of permanent buildings (RPMB) and temporary buildings (RTMB). The building/structure demolished should immediately be struck off from the Register indicating the date of demolition.

- (ii) It should be seen in audit that:
  - (a) The Register is posted upto date and has been checked by internal audit.
  - (b) In case of variation in cost of rentable buildings the assessed licence fee is revised with effect from the date on which the accounts of work leading to variations were closed and is intimated to the Area Accounts Officer/Barrack/Stores Officer.
- (iii) Register of Railway sidings and platforms maintained should be scrutinized to see that the payments made for such sidings/platforms are in order and

are duly supported by a certificate from Area HQrs to the effect that sidings/platforms or level crossings manned are required for military purposes and that necessary action had been taken to abandon sidings/platforms which are no longer required by the Defence Services. In cases of sidings/platforms/level crossings abandoned, payment therefore should be discontinued from the date of abandonment.

## **Audit of Accounts Section**

### **Measurement Books**

**609.** (i) During the execution of the work on a CA, all measurement are recorded in the measurement Book (IAFW 2261). The measurement Book is the basis of all accounts for measured work and of materials received which have to be measured or counted. It provides a complete record of works performed under a contract and should, therefore, include all items having a financial value so that the final amount payable under a contract can be computed. The Assistant Accounts Officer, Accounts Section attached to GEs are the custodians of the Measurement Books. A register of measurement Books is maintained by Asstt. Accounts Officer to keep the account (issue to and return by the executive) of these books.

(ii) A few Measurement Books in use should be selected at random and examined to see:

- (a) That no blank spaces are left uncrossed.
- (b) That measurements are entered in the Measurement Book in the first instance and are not transcribed from an intermediary record.
- (c) That measurements are entered separately for each day on which they were taken and are not lumped together.
- (d) That in the case of buildings, the measurements of foundations and plinth area are not recorded after the work executed has been completed. The same applies to demolition works.
- (e) That the measurements recorded towards the end of the financial year do not present any suspicious features e.g.
  1. In the case of measurement taken at a distant site, there is independent evidence that the persons who recorded measurements in the Measurement Books had actually visited the site as evidenced by reference to the traveling allowance bills preferred.
  2. It does not appear to be physically impossible to have taken the measurement in question within the time shown in the Measurement Books and in the travelling allowance bill of the person who took them.
- (f) Measurements once entered are not cancelled without sufficient reasons.
- (g) All important services are measured by officers of considerable technical experience.
- (h) Cases of check of measurements by authorities higher than the officials who recorded the measurement, resulting in cancellation or appreciable reduction in measurements as originally recorded should be specifically looked into:

(iii) While auditing the final bills, the measurements as indicated in the

measurement books should be correlated with the final bills and contract agreement. It should be seen that deductions have been made in the Measurement Book where necessary for doors and windows, openings of areas occupied by hearths, chimneys etc.

### **Contractor's Ledger**

**610.** The Contractor's Ledger is a running account of each contractor in respect of each contract, showing the amount due by him for advances made and materials supplied to him etc. and due to him for work done/materials supplied/services rendered etc. and is closed and balanced monthly. The contractors ledger should be scrutinized to see:

- (i) that security deposit is not included in the ledger.
- (ii) that when a deduction made from Contractor's bill for one work is creditable to the account of another work, two distinct entries are made, one for the payment made on account of the former and the other for the recovery creditable to the later.
- (iii) That in the case of term contracts for artificer's work and running contract for supplies etc. full particulars of amounts outstanding against each work is shown separately.

### **Muster Rolls**

**611.** While auditing muster rolls the following points should be borne in mind:

- (i) It should be seen that the use of the daily labour has been eliminated in the Division as far as possible and that in the case of maintenance works the employment of labour is restricted to really urgent and petty repairs which cannot conveniently be carried out by the contractor.
- (ii) The daily record showing the employment of direct labour is periodically examined by the Garrison engineer to ensure that the labour is properly employed.
- (iii) Cases of alterations in the markings of attendance in the muster rolls are rare and alterations if any are made under proper authority.
- (iv) The amount of wages paid compares favourably with the value of the out turn as shown in the progress report.
- (v) The muster rolls have been technically checked by the surveyor of works staff and bears evidence thereto.

### **Industrial/Non-Industrial personnel bills**

**612.** It should be seen that:

- (i) Employment of Industrial and non-industrial personnel is restricted to:
  - (a) work charged personnel engaged on supervisory or clerical duties or employed as Store Keepers in connection with specified projects.
  - (b) Authorized permanent gangs employed on work of a permanent or semi permanent nature e.g. maintenance of buildings, roads and installations etc.

- (ii) Progress reports giving details of work done by the personnel employed and statement of stores issued where necessary are attached to the Industrial Personnel Bills.

(E-in-C's Branch No.27593/E8 dated 5.5.49 and DF A(W) Endst No.359/W dated 17.5.49  
(File D/Works/2/49)

- (iii) The EE(OS&C) staff have technically checked the bills.

### **Suspense Accounts**

**613.** It should be seen that balances have been proved that the outstanding are unavoidable and proper action has been taken for their clearance and items do not close with a minus balance.

### **614. Objections in audit**

- (i) (a) It should be seen that the prescribed procedure for recording the money value of objections is correctly followed in actual practice.

(b) An occasional check should be conducted over statement of items under objections (SIOs) to ensure:

- 1) that all items included in the objection Statement have been correctly recorded in SIOs and
- 2) that in transcribing the amounts from the objection Statement to the SIOs proper classification has been followed.

- (ii) A detailed examination of SIOs should be conducted to see that:

- (a) the outstandings are not abnormal.
- (b) The objections do not indicate any infringement of financial and audit principle.
- (c) Objections are vigorously pursued and speedily settled.
- (d) Outstanding against contractors do not indicate any attempt to render financial aid to contractors.
- (e) Overpayments to contractors have not arisen from any defect in the system or in any contract.

- (iii) the check of objections should be directed to the following points:

- (a) Whether the objections are prima facie sound and proper.
- (b) Whether the ratio of objectionable expenditure in any month is unusually large and
- (c) Whether the ratio is greater in the month of March than in other months.

(iv) Office copies of the half yearly statements of objectionable items rendered the Assistant Accounts Officer of the Accounts Section to the CDA/PCDA for the half year pertaining to the period immediately preceding the time of test audit of the local MES offices should also be scrutinised.

### **Accounts of manufacturing operations**

**615.** It should be seen that in cases where articles obtainable in the local market are manufactured departmentally, the cost of articles so manufactured

compares favourably with the market rates. If not, the reasons for undertaking the manufacturing operations concerned should be investigated. In case the rate at which an article is produced by the MES compare very unfavourably with the market rate of the same article that fact should be prominently brought to the notice of the higher executive authorities.

### **Analysis of Accounts of Work**

**616.** (i) In the course of audit of each Division, the accounts of some major works, preferably works which had been completed during the previous year or in the absence of such work, nearly completed work in progress should be selected under the orders of the Command officer for complete analysis and examination since the commencement of the work i.e. from the proposal for the work, sanction of the work etc. till completion.

(ii) The object aimed at should be to see that there are no cases of overpayments, unnecessary or avoidable expenditure, unauthorised aid to contractors and of financial irregularities.

(DADS Office Order Part 1 No.2 dated 28.2.39)

### **Accommodation constructed and handed over vis-a-vis hired accommodation**

**617.** According to Ministry of Defence ID No.1 (3)/87/D(L&C) dated 3rd July 1987, when accommodation becomes available by fresh construction, hired houses should be dehired according to the percentage prescribed for the station on chronological seniority. To enable the party auditing DEOs office to verify whether the prescribed percentage of houses has been dehired, the party auditing a division should collect details of residential accommodation constructed for officers and handed over for allotment and occupation alongwith details of hired buildings and Government owned accommodation remaining vacant, for further verification in DEOs office as indicated in para 656 (xi)(f) of Chapter 30.

### **Performance cum Efficiency Audit**

**618.** Concept of PCE Audit has been abolished. However, Performance Audit has been introduced for which Chapter 6 on Performance Audit in Manual of the Audit Deptt., Defence Service, Vol.I Part-‘A’ (9<sup>th</sup> Edition 2005) has been incorporated.

### **Section 'B' - Audit of Revenue Accounts**

**619.** The Revenue Accounts relating to the licence fee of Military buildings, supply of water and electricity, hire of furniture etc. are maintained in the offices of the Barrack/Stores Officer by a separate Assistant Accounts Officer of the Defence Accounts Department. The remaining works of the Barrack/Stores Branch relating to furniture and stores etc. will be done by the Accounts section of the division.

**620.** All accommodation in a station, although physically in charge of the Barrack/Stores Branch of the MES, is at the disposal of the Station Commander, Quarters will be held in a Station Pool and allotted to individuals by the station Comamnder. When more than one of the armed services viz. army, Navy and Air Force are represented in a station, the allotment is made by the Inter-services



Quartering Committee which is presided over the Station Commander and is represented by the representatives of all the services and the BSO. Allotment orders for all married accommodation are sent by the Station Commander to the BSO. Single Officers quarters attached to Messes are allotted by Station Commander to the OC Unit, in-Charge of the mess. Allotment to individual officers is the responsibility of OC Unit who sends a copy of order of allotment of accommodation of the messes to the OC Station and the BSO.

**621.** The BSO is responsible for preparing and forwarding to his Assistant Accounts Officer, the Occupation Returns for all the quarters in station pool. In the case of all other buildings, Units and formations in Occupation are responsible for the prompt and correct rendition of Occupation Return (in duplicate) to the BSO, who after necessary check passes one copy of the same to his Assistant Accounts Officer. The BSO maintains an upto date Register of all Rentable Buildings (IAFW-2169). The BSO arranges the electric and water meters to be read and forward Return of Recoveries to his AAO by 10th of each month showing consumption during the preceding month. When no meters are installed, electricity and water charges are assessed in accordance with the orders on the subject. Similarly BSO will furnish the list of furniture issued to such officers to the Assistant Accounts Officer BSO through Assistant Accounts Officer GE for recovery of hire charges of furniture. The Assistant Accounts Officer, attached to BSO will on receipt of Occupation Return, Return of recoveries of electricity and water charges complete the Revenue Ledger (IAFW 2240) and issue licence fee bills to the paying authorities. Procedure for preparation and disposal of licence fee bills are contained in para 199 of the Manual of Instructions relating to procedure of works in the accounts Section of MES formations (Reprint 1973).

**622.** If Government owned accommodation is not sufficient for all the entitled officers, Station Commander may order hiring of private accommodation to house Service Officers or permit the officers to make their own arrangements for accommodation and claim reimbursement of the difference between rent paid as approved by the Station Commander and their own liability. When electricity and water are provided by other agencies Service officers may claim the difference between the charges actually paid by them and their own liability (i.e. half the All India Flat Rates) from the Government. Similarly where furniture cannot be supplied by MES, Service Officers are permitted to hire furniture from market upto the scales authorized and any hire charges in excess of flat rate of hire charges, subject to a maximum limit of double the flat rates of furniture, rental liability can be reimbursed.

(Government of India, Ministry of Defence N.C/00578/Q3(B-1)/774/DO&C dt.26.2.90)

**623.** The station where married accommodation could not be provided to an officer is treated as non- family station for him and the officer is provided rent free single accommodation and allied services for himself. Officers posted to field are allotted separate family accommodation. Normal licence fee (flat rate) and allied charges are recoverable for accommodation provided to separated families.

**624.** For the purpose of assessing Licence Fee for each rentable building AAO Accounts Section of the division maintains a Licence Fee Assessment Ledger (IAFW-2239). The register should be scrutinized alongwith the Register of buildings to ensure that the capital cost of the buildings as reflected in the Licence Fee Assessment

Ledger, tallies with the Register of buildings. It should be verified to ensure that:

- (i) the licence fee Assessment Ledger is compared by AAO GE's office with the Register of Buildings every year in April and the requisite certificate is incorporated in the licence fee Assessment Ledger.
- (ii) that new buildings if any are entered in the licence fee Assessment Ledger.
- (iii) that licence fee is re-assessed in case of increase in the Capital cost of the building.

#### **Revenue Ledger (IAFW 2240)**

**625.** This register contains a record of revenue due and recovered in respect of each building or quarter and also from other sources. This register should be scrutinized along with the occupation and vacation return to ensure that:

- (i) married accommodation is not allotted to Officers below the age of 25 years.
- (ii) there is no undue delay between the date of allotment and the date of occupation.
- (iii) If the accommodation is not occupied and the allotment is not cancelled, licence fee has been charged from the date of allotment.
- (iv) If the accommodation is occupied after the lapse of more than ten days, licence fee has been charged from the eleventh day of allotment.
- (v) The licence fee as fixed by the Ministry has been recovered from Military officers and civilians every month promptly.
- (vi) Where servant quarters and squash court, etc. have also been allotted licence fee as contemplated for the servant quarters, squash court have also been recovered.
- (vii) In case of leasing the accommodation to private persons:
  - (a) an agreement is executed on the lines notified by the Ministry of Defence.
  - (b) The licence fee fixed is recovered at market rate.
- (viii) licence fee recoverable from contractors in respect of buildings used as cinemas has been correctly fixed according to the highest bid of auction.
- (ix) It should be seen that the licence fee recovered is not less than the assessed licence fee of the building including furniture and fixtures.

**626.** In case of non recovery of licence fee for more than a month is noticed in respect of a building it should be ensured that the building has not in fact been occupied. This can be done by cross linking the return of recoveries/consumer's ledger for the period indicated as vacant in the Revenue Ledger.

**627.** In the case of hired buildings lying vacant, it should be examined to ascertain whether the buildings could be de-hired to avoid loss to the state. The justification of continued hiring of the buildings should be generally reviewed with reference to available Government owned accommodation.

**628.** In the case of any repairs to hired buildings, the lease agreement, should be scrutinized to see whether the agreement caters for repairs to the buildings at

owner cost or not. It is on non-repairable lease, such repairs should be done by the owner and not by the department.

**629.** In the case of reimbursement of furniture hire charges it should be seen that such charges have been assessed based on Ministry of Defence letter No.C/00578/Q-3(B1)/774D(Q&C) dated 26th February 1990.

**630.** It should also be ensured that:

- (i) demands for sums due to government are raised as soon as they fall due.
- (ii) there is no delay in effecting recovery of licence fee from private persons, officer's mess etc. who pay in cash and that the bills issued for Army, Navy, air Force officers including the civilians are duly acknowledged by the paying authorities.
- (iii) the amounts recovered in cash have been promptly credited to Govt. and brought to account.

**631.** With a view to ensuring that recoveries were made by CDA(O) in the case of Army officers, a list of about ten licence fee bills showing full particulars viz. account number, rank, full name etc. should be prepared after the audit of each Barrack/stores office and sent to the Director of Audit, Defence Services, Pune for verification of recoveries in the JRLA of the officers concerned.

### **Annual Occupation Return**

**632.** (i) A complete occupation return showing all buildings rentable and non rentable, whether Government owned or hired is prepared annually by BSO in April each year. This return should be checked to ensure that all buildings shown in the Register of rentable buildings are included.

(ii) A comparison between the annual occupation return and the consumers ledger for water and electricity should be made to see that buildings in respect of which charges for water and electricity have been made are duly shown as occupied in the occupation return.

### **Meter Reader Book for electricity and Water**

**633.** (i) It should be ensured that readings are taken regularly and consumption has been correctly worked out with reference to the meter reading.

(ii) The entries in the Meter Reader Book should be checked to the consumers ledgers and the return of recoveries.

(iii) As consumption of electricity for bonafide use of the Government is exempted from electricity duty etc. It should be seen whether separate electricity/water meters have been installed in all OTM and Married accommodation. In case of meters becoming defective, it should be examined whether proper steps have been taken to rectify the defective meters.

(iv) in the case of non-installation of meters in OTM accommodation, it should be examined to see whether any tax is being paid for the consumption of electricity for the OTM accommodation.

## **Consumer's Ledger**

634. (i) the entries in the consumer's ledger should be linked into the Meter Reader's Book. It should inter alia, be ensured that the rate applied is correct and the amount has been worked out correctly.

(ii) In the case of consumption of water and electricity by entitled consumers it should be ensured that the consumption does not exceed the scale of free allowance as fixed by the Station Commander according to season. In case of excess consumption it should be seen that such excess is charged for or regularized by the competent authority.

(iii) In case of private persons it should be ensured that the rate of recovery is based on all-in-cost rate of the proceeding year.

## **Return of Recoveries**

635. (i) The return of recoveries for electricity and water are prepared by the Barrack/Stores officer from the Meter Reader's Book. In the case of private persons who are billed direct by the BSO, the consumption of water and electricity is transcribed from Meter Reader's Book into consumers ledger.

(ii) In respect of private consumers who are billed for directly by the BSO, a monthly abstract of receipts duly supported by Treasury Receipts is rendered by the BSO to his AAO. It should be ensured that the amounts recovered are in accordance with the consumption indicated in the consumers ledger. The Treasury Receipts in support of the recoveries for the selected period of audit should be linked with the credit in the Defence Proforma Account in the CDA's /PCDA's Office. Necessary particulars of the recoveries should be furnished to the Central Test audit to enable them to the linking. Where the amounts have been paid in cash and taken in the GE's cash book, the actual recoveries should be linked with the counterfoils of the receipts issued.

(iii) the control exercised by the Military authorities over the consumption of electricity by entitled consumers should be reviewed in audit. It should be seen:

- (a) that the consumption of water and electricity by entitled consumers compare reasonably with that of non-entitled consumers.
- (b) That there is proper arrangement for watching actual consumption against the scales.
- (c) That meters have been installed separately in each Married quarter and for each block of buildings.
- (d) That in the case of single mess barracks excesses over the prescribed scales are brought to notice of competent authority.
- (e) That excesses over prescribed scales are recovered in the case of Married families as under:

## **Electricity Charges**

- 1) With effect from 1st December 1998, the recovery rates of electrical energy supplied by MES have been fixed as follows:

| <b>Category</b>   | <b>Rates</b>  |
|---|---|
| (a) For Service Personnel and Defence Civilian residing in Cantonments/Military areas   | To be charged at the prevailing rates of recovery by local state electricity boards/electric supplying agencies i.e. rates at which general public living in adjoining colonies is being charged by state electricity boards/electric supplying agencies. |
| b) Civilian (other than Defence civilians) Domestic consumer)   | -do-  |
| c) Private consumers like contractors and other installations and workshop, commercial consumers, Cantonment Boards and other bulk consumers. | To be charged at all-in-cost rate of the preceding year.  |

- 2) The rates applicable at a particular station will be obtained by MES inwriting from state electricity board/electric supplying agencies and will be taken as authenticated. MES will ensure to obtain subsequent changes in rates, if any, from time to time.
- 3) Charges for electricity (light and fan) from service officers will be recovered at half and for power, charges will be recovered at full rates, as mentioned at Para 1(a) above as per existing rules laid down vide Govt. of India, Ministry of Defence letter No. 1 (5)/95/D(Q&C) dated 16th Jan 1997.

#### **Water Charges**

- 4) With effect from 1st October 2003 All India recovery rates for supply of water by MES has been fixed as under:

|   |   |
|---|---|
| a) For service personnel and Defence Civilian residing in Cantonment/Military area  | To be charged at prevelling rates of recovery by Local/State Jal Boards/Water Supplying Agencies i.e. rates at which general public living in adjoining colonies is being charged by State Jal Boards/Water Supplying Agencies. |
| b) Civilian (other than Defence civilians) domestic consumers   | -do-  |
| c) Cantonment Boards  | All-in-cost rate of the preceding year.   |
| d) Private consumers like contractors and other installations and workshop, commercial Consumers, Cantonment Boards and other bulk consumers. | -do-  |

Charges for water from service personnel will be recovered at half rates given (Auth.: -Government of India, Ministry of Defence letter No. 9(2)/2002/D(Works) dated 01.10.2003)

- (iv) A number of cases in which charges for electricity or water are recovered

from individuals should be collected from the Return of Recoveries concerned and it should be linked to the Revenue Ledger to see that licence fee of the accommodation is also recovered unless the person is entitled to free accommodation. This inter linking between the Return of Recoveries and Revenue Ledger is necessary to find out cases of omission to recover licence fee of accommodation.

### **Barrack damages**

**636.** (i) Damages/Deficiencies to buildings, fittings, fixtures and furniture caused willfully or by negligence are termed as 'Barrack damages'. These may be noticed during quarterly/annual verification of furniture and at the time of taking over the buildings.

(ii) It should be seen that:

- (a) The barrack damage vouchers are prepared at replacement cost.
- (b) The recovery of barrack damages in respect of imported articles are based on procurement cost of the original articles.
- (c) In the case of non-recovery of the damages the same is regularized under the orders of CF A.

### **Miscellaneous**

**637.** During the audit of the accounts of MES divisions having Inspection Bungalows, it should be seen from the Visitors Books maintained thereof that the charges for accommodation allotted have been recovered at the prescribed rates from the persons allowed to occupy the suites and linked from entries in the Cash Book and that there is no delay in crediting the amounts.

## **Section 'C' - Engineer Stores Depot**

### **Introduction**

**638.** Engineer Stores Depots were brought at par with the Depots of Ordnance, ASC and Medical Services with effect from 01 April 1957. Consequently the role of ESDs is primarily to cater for Engineer Stores and Plant of Engineer origin required for the following.

- (i) For issue to Army units and Establishments against their authorized scales or for carrying out essential training.
- (ii) For various categories of war and other authorized reserves.
- (iii) For MES requirement (in which case items held will be restricted to the following).
  - (a) For Works Projects - A restricted range of items in short supply
  - (b) For T and P - Imported plant and machinery which are difficult to procure.

**639.** (i) Functions of ESDs are to provision, receive, hold, issue and account for Engineer stores.

(ii) Engineer Stores Depot receives stores through various sources viz., through supply orders placed on the trade, DGS&D contracts, and transfer from other

units/formations etc. It is the responsibility of the Depot to verify that stores are correctly received to acknowledge their receipt promptly to the consignor, to enquire into delays in the arrival of stores said to have been dispatched and to prefer claim on the consignor (in case of conditional RR) or carrying agency (in case of clear RR) as the case may be for stores received short, damaged or lost in transit.

(iii) The holding of stores/equipment include responsibility for proper storage and stocking, for initiating action to repair stores received in damaged condition and for reporting on stores received or rendered unserviceable. The Depot is also responsible for the periodical verification of the ground balance of every item of stores held.

(iv) The issues of stores include responsibility that unauthorized issues are not made, that necessary documents covering the issue are prepared and sent to the consignee and the consignee's receipt is obtained in time.

(v) Maintenance of stores with respect to functioning of ESDs connotes maintenance of all stores on its charge in good condition and upto desired level of stocking. The responsibility in this regard include the following:

- (a) Provision of such stores for which powers have been delegated to Commandant ESD as per the norms specified in the Provision Review Directives with the approval of higher authorities where required.
- (b) Arrange base overhaul of BLR equipment in accordance with approved repair programme for the main equipment held and included in the plan.
- (c) Arrange disposal of surplus, salvage and scrap arising of such Engineer Stores of Engineer origin, responsibility of provisioning/holding of which rests with the Depot, after obtaining approval of the appropriate authority.
- (d) Maintain complete record/particulars of major equipments and plants assigned to the depot for which it has been nominated as mother depot.

(vi) The Depot is responsible for the proper accounting of stores and for maintenance of accurate Quantitative Accounts for each item of stores held, which also includes accounting of all stores issued on loan to units, as indicated in the loan sanctions.

**640.** To carry out the above functions, the Depot is organized under the following main groups:

- (i) Depot Headquarters consisting of
  - (a) stock control Group (Plant/Spares/Composite stores)
  - (b) Provisioning Group
  - (c) Stock Taking Team
  - (d) ADP Cell
  - (e) S.L.A
  - (f) MI Room
- (ii) Administration wing consisting of
  - (a) Estt Group
  - (b) MT & ME Workshop (URO) Group
  - (c) Civilian Labour Officer
  - (d) Security and Fire Bde Group

- (e) Internal Working Group
- (iii) Stores Wing consisting of
  - (a) Sub-Depot (Spares/plants/composite stores)
  - (b) Traffic Section

**641. Functions and Responsibility of various important Groups/Wings**

(i) Depot Headquarter:- It's main function is command and control of the Depot and to exercise in particular technical control on all technical activities. For this purpose Provisioning and Stock Control Group primarily constitute the main components of the Depot HQ.

(ii) Provisioning Group:- This group is responsible for

- (a) all provisioning activities including preparation of technical sanctions, provision reviews as per the procedure and norms laid down in the Provision Review Directives (PRDs) issued by E-in-C's Branch.
- (b) Local/direct purchases of stores and placement of indents on DGS&D and on Public Sector Undertakings against open order system, so long it remains operative.
- (c) Control over expenditure against allotments.

(iii) Stock Control Group:- While the Sub-Depots physically hold the stores, the duties of stock control group are:

- (a) to ensure in conjunction with the holding sub-depot that stores received in the depot are brought to account in the ledger under correct nomenclature and accounting unit without delay.
- (b) To ensure that stores issued are struck off charge in the ledger in conjunction with the traffic section, without delay.
- (c) To render to E-in-C's Branch/MISO all documents and returns necessary to ensure that the central records of engineer stores holding maintained by them are correct and upto date.
- (d) To deal with all matters relating to losses/damages and deficiency/discrepancy other than those which are the responsibility of the sub-depots.
- (e) To monitor and progress all demands received from units.
- (f) To correctly account for all salvage/scrap arising within the Sub-Depots and those back loaded by the units and to take all actions relating to their disposal.

(iv) Stock Verification Team:- The main function of the stock verification team is verification of stocks of stores, plant and equipment held on charge in accordance with the orders and instructions on the subject as per specified periodicities.

(v) MT, ME and Wksp Group:- This group is responsible for the demanding, obtaining, release, maintenance and upkeep of First Line Transport and MES Plant authorised in PE/PET and management of Unit Repair Organisation (URO) of attached personnel of EME.

(vi) (a) Internal Working Group(IWG):- Internal Working Group has three



Section viz. Works, UE Stores and Depot Wksp. This Group will function under an Officer-in-Charge supported by technical and non-technical staff as authorized. This group is responsible for maintenance of Depot buildings, structures and other assets of the Depot including repair and replacement of all furniture issued by MES through MES. It is also responsible for demanding expendible and non-expendible stores required for the upkeep of Depot. Depot Workshop for upkeep of Depot will function under Officer-in-Charge this Group.

(b) Security and Fire Bde Group- This group is responsible for all security and fire Brigade matters of the Depot. Officer-in-Charge security and Brigade will function as OC 'D' Coy under whom DSC Platoon will be placed where engineer platoon is authorised, the same will, also, be placed under OC 'D' Coy. He will also act as OC of the transit cell where escort parties of various units are located on reporting to the Depot.

(vii) Sub-Depots (plant/Spares/composite stores)

(a) The responsibilities of Sub-Depots are:

- 1) to maintain all stores in good condition, to report discrepancies.
- 2) To hand over to the Traffic Section, on receipt of proper authorization, stores for dispatch.
- 3) To receive stores handed over by the Traffic Section.

(b) The main function of the Part Changing Procedure (PC & P) cell functioning under Sub-Depot (Spares) is to establish commonality of spares required for part and equipment of different models and makes in consultation with AHSP, DGQA, R&D Establishment concerned. This cell will also look into the surplus spares held with the Depot and suggest their alternative usage for in service plant, where feasible in consultation with EME authorities.

(viii) Traffic Section:- The Traffic Section will generally be organized into Receipt Cell and Despatch Cell as and when the resources so permit and work load so indicate. The main responsibilities of the Section are:

- (a) to ensure that stores are not issued without authority and that authorized issues are effected without delay.
- (b) To arrange for the receipt of railway wagons and other means of conveyance for dispatch of stores.
- (c) To watch the progress of receipt of stores between the consignor and the Depot and to take prescribed action in case of non arrival of stores said to have been dispatched.
- (d) To maintain records of all stores received/dispatched and to furnish the stock control Group/Sub-Depot with the information necessary to ensure that the stores issued/received are promptly reflected in the ledgers of the Depot.

**642.** The following are the important documents maintained by the Depot

- (i) Stock holding Ledgers
- (ii) Salvage Ledger
- (iii) Receipt Control Register
- (iv) Issue Control Register
- (v) Register of Adjustment Vouchers

- (vi) Railway claim Register
- (vii) Account Cards
- (viii) Loan Register
- (ix) Supply Order Register
- (x) Cash Account
- (xi) Local purchase Register

### **Audit Procedure**

**643.** In addition to the general instruction laid down in Chapter 28 of this Manual for Test Audit of cash and stores accounts and Section 7, Chapter IV of Army Local Audit Manual Part I, the following, points should also be examined:

(i) It should be seen that provisioning of stores is carried out on the basis of statistics of normal wastages or Issues to the Units and periodic review is done in accordance with the Provision Review Directives issued by the E-in-C's Branch (Directive, Annual Repair Programme, overhaul/maintenance scales approved by HQ TGEME).

(ii) It should be seen that net provisioning of items in a year does not exceed net liability considering the total liability period (TLP) into account as specified in the PRD issued by E-in-C's Branch. In checking the provision review it should be carefully and intelligently scrutinized to detect any flaws in the said directives. In all cases of provisioning it should be seen that:

- (a) Need exists for procurement.
- (b) Requirements have been correctly worked out.
- (c) The stores have been properly utilised after receipt.

(iii) It should be seen that proper technical sanctions have been issued by the competent authority before placing supply orders/indents based on the provision review.

(iv) It should be seen that stores received by the Depot are accounted for in the ledgers under their correct nomenclature without any delay. (Documents to be linked: (R.R. Register, Daily Receipt Sheets maintained by Traffic Section)

(v) From the RR/Challan/Invoices register maintained as per Para 67 of E-in-C's standing orders for the "Organisation and Stores Accounting Procedure of ESD-1988", it should be seen that prompt action has been taken to collect the stores and their arrival properly watched. It should also be ensured that stores are loaded/unloaded within the free time allowed and that no avoidable demurrage charges are paid.

(vi) That claims are preferred promptly either on the consignor or the carrying agency, as the case may be in respect of stores received short, damaged or deficient and are finalized promptly. (Documents to be referred: Discrepancy Register, Railway claims Register).

(vii) That Local purchases are made to meet only urgent requirements and to cater for stocking upto 3 months requirement subject to dues in being taken into account and within the budgetary provision and also monetary ceiling prescribed for the purchasing authority (Documents to be seen: Stores Ledger and wastage pattern as reflected in provision review, overhaul/Maint scales).

(viii) As ESDs are functioning under the direct control of E-in-C it should be

seen that no stores are issued/sold to MES or Border Road Organisation or other State Govt. agencies without the prior approval of E-in-C's branch. It should also be verified whether accepted copies of issue vouchers have been received from the consignees.

(ix) Similarly it should be seen from the Loan Register that no stores are issued on loan to units/formations without the prior approval of E-in-C's Branch. Wherever stores are issued on loan on proper authority, it should be seen that the Depot has taken prompt action to remind the loanee for return of the stores before expiry of loan sanction period, realization of hire charges wherever applicable. That the hire charges calculated include incidental charge incurred by the Depot in issuing the stores.

(x) It should be seen that as far as possible heavy plants are directly despatched from the Original Equipment Makers (OEM) to the units to avoid delays and double handling.

(xi) It should be seen that stores declared surplus or obsolete are disposed of promptly to avoid deterioration in stock. Prompt action is taken to dispose of with the concurrence of E-in-C perishable items which cannot be utilized within their shelf life.

(xii) It should be seen that sufficient covered accommodation exists and stores are not exposed to climatic hazards resulting in deterioration in the condition of stores.

(xiii) It should also be examined to see that the manpower in the Depot is commensurate with the turnover and that there is no excess employment of labour.

### **Section 'D'-Engineer Parks**

**644.** Following types of stores are held in Engineer Parks:

- 1) Command General Stocks.
- 2) Engineer Theatre Stores Reserve
- 3) Defence Bricks
- 4) E-in-C's Stocks

**645.** (i) Command General Stocks

- (a) These are stocks of stores of common demand for works other than capital projects, but which are not readily procurable and non arrival of which in time will affect the progress of works.
- (b) Recoupment, issue and disposal of stores in Park is normally controlled by Zonal Chief Engineer. In some cases these have been decentralized to CsWE.

(ii) Engineer Theatre Stores Reserve (ETSR)

- (a) ETSR stocks are AHQ reserves held in various Commands to meet the anticipated operational requirements of the Army viz. Bridging components etc. These are Engineer Stores held in Engineer Park to meet the initial demand of works commitment in a theatre of operation.
- (b) The issue and recoupment of stores are controlled by GS Branch of AHQ. Release orders are normally issued by Command Chief

Engineer. The authorization of ETSR in different Engineer Parks are laid down by E-in-C. The ETSR are normally issued on loan for a specific period.

(iii) Defence Bricks

- (a) Certain items of stores viz. CGI Sheets, Ballies, PBS rolls which are not readily procurable are held in Engineer Parks to meet urgent operational requirements. The preparation of any forecasts of requirements of such engineer equipment and stores is a laborious process. In order to reduce the time required for these standard stores, bricks to cover the main tasks in a theatre of war are prepared. The main tasks are again broken down into subsidiary tasks and requirements of stores in respect of each is listed and gross requirement worked out.
- (b) Demands for initial issues are submitted by Command Headquarters to WE Directorate. GS Branch of AHQ issues release/issue orders.
- (c) Issues are controlled by the Command CE.

(iv) E-in-C's Stock

These are stock of stores held in Engineer Parks on behalf of E-in-C. Issues are made on regular issue vouchers and they are controlled by the Command CE.

### **Accounting**

**646.** (i) The stores accounting procedure to be followed in an Engineer Park is as laid down in the Standing Order for the Organisation and Stores Accounting Procedure issued by the E-in-C.

(ii) The numerical records of all stores received into and issued from Engineer Park is maintained in accordance with the principles laid down in Chapter VI of the said standing orders.

### **Audit Procedure**

**647.** In addition to the normal checks exercised during the Test Audit of the ledgers/registers viz. verification of castings, closing book balances and opening book balances, linking of receipts and issue transactions, the following special checks should be exercised in test audit to ensure that:

- (i) proper release order exists for the issue of stores from Engineer Park.
- (ii) all receipts and issues have been posted in the respective ledger sheets and there are no substantial arrears.
- (iii) receipt vouchers have been prepared from the Receipt Advice Note and issue vouchers from issue Order and despatch.
- (iv) in respect of loan issues i.e. for ETSR stock, the period for which loan is authorized has been indicated both on issue order and dispatch (IAFW 2324) and action has been initiated for ordering recall of the stores not already returned on the expiry of loan period.
- (v) in respect of hire charges recoverable on account of T &P issued on loan to civil bodies, necessary debits have been raised against the concerned Accounts Officer.

(vi) in respect of Delay reports, valid reasons exists for the non-preparation of receipt voucher and there has not been any undue delay in bringing the stores outstanding on delay report.

(vii) in respect of stores held in Engineer Parks for which there have been no issues for considerable time in the past, the necessity for holding the stores in stock exists and that there has not been any deterioration in the condition of the stores due to long storage.

(viii) the actual tonnages handled in the Engineer Parks (as indicated in the Tonnage Return) compares favourably with the authorized tonnage on the basis of which the establishment in the Engineer Park has been sanctioned.

(ix) the expenditure incurred on the maintenance is proportionate to the tonnage handled during that year and there is no abnormal variations in maintenance expenditure compared to previous years without any corresponding increase in the tonnages handled.

#### **List of Books and orders to be consulted (MES)**

1. Regulations for Military Engineer Services
2. Defence Works Procedure-1 986
3. Manual of Instructions relating to procedure of works in the Accounts Section of MES formations (Unit Accountant's Manual)
4. MES Local Audit Manual
5. Scales of Accommodation-1 983
6. E-in-C's Standing Orders for MES
7. Quarters and Rent

#### **Books for reference (ESD/EP)**

1. Army Local Audit Manual
2. Store Accounting Instructions
3. E-in-C/s Standing Orders on ESDs

#### **Orders pertaining to MES to be consulted by parties auditing MES divisions E-2**

1. Government of India, Ministry of Defence letter No.95533/POL/CSS/779/DO-II/E2 (WPC/D (Works-II) dated 4th July 1986-Report of the Committee for) rationalization/ reform in procedure for sanctioning and execution of civil works by MES.
2. Government of India, Ministry of Defence letter No. 95533/POLICSS/E2 (WPC/472/DO-II/D(W-I) dated 24th April 1986.-Sanctioning and execution of civil works by MES-Enforcement of revised time schedule.
3. Government of India, Ministry of Defence letter No. 12026/41/84/D(Lands) dated 19th February 1991-Revision of Land Norms.
4. Government of India, Ministry of Defence letter No.67442/Q3W (Policy)/1400/ DO-II/D(W-II) dated 11th June 1990;-Delegation of financial powers to the Commandants of Category 'A' Establishment.
5. E-in-C's Branch letter No.A/00141/E2/Army/Tech Coord dated 31.7.89 Provision of Married Accommodation for Civilians in MES.

6. E-in-C's Branch letter No.A/00130/E2 Designs 3 dated 10th June 1986 Standardisation of design of Streamlining of works procedure (Laying down conversion factor to be adopted) as amended from time to time.
7. E-in-C's Branch letter No.POL/E2(WPC) dated 11th April 1988-Standard Operating Procedure for FC Cases.
8. Govt. of India, MOD letter No.20203/MAP/WKS Proc/D(Works) dt. 13.11.2003.

### **E-3**

1. E-in-C's Branch letter No.51003/ESP-4(BM) dated 24 April 1986-Procedure for demand and supply of steel.
2. Ministry of Defence letter No.8501/251/E2A/1291/SOI/D (Works-I) dated 16.7.69-Transfer of project stores.
3. Government of India, Ministry of Industry, Department of Industrial Development Press Note dated 7.7.1978-Liberalisation of road freight reimbursement for movement of cement.
4. Government of India, Ministry of Defence, Department of Industrial Development office of Cement Controller Accounts letter No. 16.2.78-Accnts-CC-2667 dated 29.9.78-Reimbursement of freight charges for transportation of cement by Road to Government Department.
5. E-in-C's Branch letter No.8517/Gen-80/E3 dated 15.6.81-Movement of Cement.
6. Government of India, Ministry of Industry letter No. 16-1/64/Accts/QCCCA 859 dated 17.1.84 - Reimbursement of freight charges for transport of cement by road.
7. Government of India, Ministry of Defence letter No. AIO3109/E3P&C/SOI/321/DO-1/D(W-IO) dated 7.4.84 as amended vide letter Nos. (i) A/03109/E3 P&C/SOI/1139/DO IID(W-I) dated 22.11.85. (iii) a/031 09/E3P&C/SOI/1507/ DO IID(W-I) dated 20.10.87 - Procedure for purchase to be adopted by MES.
8. E-in-C's Branch letter No.314901E3A(Losses) dated 5.1.76 - Time schedule for regularization of losses.
9. Government of India, Ministry of Defence Letter No.75762/Q/ST-11/568/D(QS) dated 1.4.91 - Loss of stores pertaining to MT accidents.

### **E-4**

1. E-in-C's Branch letter No. 61766/DP-Gen/E.4(Misc) dated 4.7.89 Exemption of sales tax and electricity duty on electricity consumed by Central Government – 61766/DP/Gen/E-4(Misc) dated 28.4.1992.
2. E-in-C's Branch letter No.61766/DP/Gen/E4(Misc) dated 4.8.89.
3. E-in-C's Branch letter No.61766/DP/General/E4(Misc) dt2/91 - Excess payment made to State Electricity Board by defaulting MES formations.
4. E-in-C's Branch letter No.61766/LS/Gen/B4(Misc) dt 28.2.91 - Prompt payment to State Electricity Board.
5. E-in-C's Branch letter No.61766/LS/Gen/E-4(Misc) dated 01 January 1992 lose of properties from unmanned installation.

**E-5**

1. Government of India, Ministry of Defence letter No.87966/E2(W(PPC) 1103/D(W-I) dated 30 July 1998 Norms of expenditure for Maintenance of Government buildings by MES.
2. Norms for Work Load issued by E-in-C from time to time.

**E-8**

1. Compendium of Instructions issued by E-in-C for contracts.
2. E-in-C's Branch letter No.8187/E2(VIPC) dU7.8.87 Instructions Defence Works Procedure 1986.
3. E-in-C's branch letter No.13600/Gen/E8 dated 31.5.89 - Regarding pendentalite interest
4. E-in-C's Branch letter No.13600/Gen/E8 dt20.2.89 - Regarding finalization of Arbitration proceedings within 1 year.
5. E-in-C's Branch letter No. 13600/Gen/E8 dt 17.3.86 Appointment of Arbitrator
6. E-in-C's Branch letter No.13600/Gen/E8 dt 19.4.82 - Entering into reference by Arbitrator.
7. E-in-C's Branch letter No.13600/Gen/E8 dt 17.9.86 - Obtaining the advice of Ministry of Law/Branch Secretariat

**Revenue**

1. Ministry of Defence letter No.C/0057Q/8(A-1)774 D(Q&C) dated 26.2.90 - Recovery/Reimbursement of furniture hire charges from Service Officers.
2. Ministry of Defence letter No.1 (1)/87/D(Q&C) dated 13.1.88 - Fixation of flat rate for accommodation for Service Officers.
3. AHQrs No.C/00578/Q3(B-1) dt.5.10.90 - Furniture Hire Charges and Allied Order No.10/5/86 - Provision of Accommodation and Allied Services and Recovery of Quatering charges from Service Officers.
4. Special Army Order No.1 0/S/86 - Provision of Accommodation and Allied Services and Recovery of Quatering charges from Service Officers.
5. Govt. of India, MOD letter No.9/4/97/D (Works) dt 7/12/98.

**Annexure 'A'**  
[reference to in Para 548 (i) (e)]

**LIST OF REPORTS/RETURNS CALLED FOR BY BRANCHES/DTEs  
OF ARMY HQ AND REGISTERED WITH ADG SYSTEMS IN TERMS  
OF SAO 20/S/90**

| Sl. No.                                  | Title of Report/ Return  | Stats Regn Number | Periodicity | Rendered by whom                       | Recipient                             | Authority letter                              |
|--|--|-------------------|-------------|--|---------------------------------------|---|
| <b>E-in-C/ESP</b>                        |  |                   |             |  |                                       |   |
| <b>ADMINISTRATION &amp; FINANCES (A)</b> |  |                   |             |  |                                       |   |
| 1.                                       | Engr Stores-Budget Control   | AA/9173-A         | Periodical  | Engr Parks and Units                   | E-3 SC 'A'                            | 44572/E-3(A) dt. 30 Nov 55                    |
| <b>EQUIPMENT (E)</b>                     |  |                   |             |  |                                       |   |
| 2.                                       | Progress report of cement received and allotment for building purposes   | AA/7101-E         | Quarterly   | CEs commands                           | E-3(C)/2                              | 8517/12/E-3(C)/2 dated 6 June 58              |
| 3.                                       | Consolidated statement showing the book value of surplus stores, obsolete stores, discarded no surplus during the year | AA/7103-E         | Quarterly   | CEs Commands                           | E-3(D)                                | 51087/discard/5/ESP-1 (Dis/DA) dated 5 Sep 85 |
| 4.                                       | Quarterly reports-holding of steel by zone of CE   | AA/7142-E         | Quarterly   | Engr Units and Parks                   | E-3(BM)                               | 50196/E-3(BM) dated 30 Nov 77                 |
| 5.                                       | Data Bank/Shuttle Census of MES Spl T&P  | AA/7167-E         | Yearly      | List 'A' & 'B'                         | E-3(M)                                | 46960/R&R/E-3M dated 15 May 87 & 9 Oct 87     |
| 6.                                       | Vital items return-Engrs stores of engr origin including ordinance stores of ordinance origin                          | AA/7168-E         | Half yearly | CEs commands                           | E-3(SC) 'B'                           | 34080/Stat/E-3 SC 'B' dated 31 Oct 84         |
| 7.                                       | KM Bride components  | AA/7169-E         | Quarterly   | ESD Delhi Cantt                        | E-3 SC 'B' and E-3 Prov 'B'           | 34090/Stat/E-3/SC(B) dated 31.10.84           |
| 8.                                       | Quantum & value of MES special T&P   | AA/7171-E         | Annual      | ESDs Kakinara Dehu Road & Delhi Cantt. | List 'A' & 'B' of E-in-C's Branch     | 46960/R&R/E-3(M) dated 18 Jan 86              |
| 9.                                       | Monthly stock return-Fit Plant Details: ME& construction Plant (Engr Combat Stock only)                                | AA/7172-E         | Monthly     | ESDs Kakinara Dehu Road & Delhi Cantt. | E-3 SC 'A'                            | A/02006/DMIS/E-3 SC 'A' dated 25 Jan 85       |
| <b>VEHICLES (V)</b>                      |  |                   |             |  |                                       |   |
| 10.                                      | 'B' Vehicles (MES) demand & discarding of  | AA/6030-V         | Half Yearly | CEs                                    | E-2(A)                                | 38351/ESP-4/M dated 28 Feb 91                 |
| <b>E-in-C/ES</b>                         |  |                   |             |  |                                       |   |
| <b>EQUIPMENT (E)</b>                     |  |                   |             |  |                                       |   |
| 1.                                       | Half yearly critical state of Engr stores  | AA/7022-E         | Half Yearly | Engr units CEs Commands                | ES-4 & CE Comds                       | 63362/EG-4(A) dated 27 May 71                 |
| <b>E-in-C/Tpt</b>                        |  |                   |             |  |                                       |   |
| <b>UNCLASSIFIED (X)</b>                  |  |                   |             |  |                                       |   |
| 1.                                       | State of Transportation Craft (Type and state of craft and details of repairs)   | AA/1526-X         | Quarterly   | Transportation Units                   | Tn-1, CE HQ ECHQ 457 IWT Engrs in r/o | 63119/Tn-1 dated 21 Feb 74                    |



|   |   |           |                       |   |                                    |   |
|---|---|-----------|-----------------------|---|------------------------------------|---|
|   |   |           |                       |   | the return of<br>235 IWT<br>OP Coy |   |
| <b>ADMINISTRATION &amp; FINANCE (A)</b> |   |           |                       |   |                                    |   |
| 1.                                      | List of contracts accepted  | AA/9159-A | Quarterly             | CWEs & Zonal<br>CEs                     | E-8                                | 36378/E-2(A) dated 18<br>Dec 69           |
| 2.                                      | Progress report giving percentage<br>progress position & probable<br>completion date of all works for<br>Navy, Air Force, Army over 10<br>lakhs | AA/9160-A | Quarterly             | CEs Zones                               | E-2                                | 63233/E-2(A) dated 09<br>Aug 67           |
| 3.                                      | Work load return  | AA/9162-A | Quarterly             | CE/ACE(Indep)<br>Zonal CE<br>command CE | E-8 Comds<br>& Zonal<br>CEs        | 28359/Gen/E-8 dated 15<br>Dec 96          |
| 4.                                      | Monthly Expenditure Return for<br>works and Services  | AA/9163-A | Quarterly/<br>Monthly | CEs Commands                            | E-5                                | 39636/E-5 dated 23 May<br>60              |
| 5.                                      | (i) Return of Arrears of Billing<br><br>(ii) Outstanding Recoveries   | AA/9164-A | Quarterly/<br>Monthly | CEs/ACEs(Indep)                         | E-8 CEs<br>Comds                   | 02971/Gen/E-8 dated 29<br>Dec 69          |
| 6.                                      | Return of outstanding rent and<br>allied charges:<br>A) Summary<br>B) Details   | AA/9166-A | Half Yearly           | CEs Commands                            | E-2(A)                             | 83158/E-2(A) dated<br>6/13 Oct 67         |
| 7.                                      | Furniture rate list (IAFF-2307)   | AA/9167-A | Annual                | CE Zones                                | E-2(A)                             | 4204/9/IV/E-2A dated<br>16 Sep 65         |
| 8.                                      | Quarterly report on over payment<br>short of non-recovery from<br>contractors.  | AA/9220-A | Quarterly             | CEs Commands                            | E-8                                | 45135/R&R/OP/E-2<br>(WPC) dated 31 Dec 77 |
| 9.                                      | Quarterly report on outstanding<br>Barrack Damages  | AA/9221-A | Yearly                | CEs Commands                            | E-5                                | 45135/R&R/BD/E-2<br>(WPC) dated 31 Dec 77 |
| 10.                                     | Appropriation Accounts under all<br>heads of accounts   | AA/9222-A | Yearly                | CEs Commands                            | E-5                                | 45135/R&R/HY/E-2<br>(WPC) dated 31 Dec 77 |
| 11.                                     | Annual performance report Army<br>Capital Works   | AA/9264-A | Annual                | CEs Comds<br>Zonal CEs                  | A-2/Army<br>Coord                  | A/00115/E-2/Army<br>Coord dated 16 Apr 86 |
| <b>EQUIPMENT (E)</b>                    |   |           |                       |   |                                    |   |
| 12.                                     | Quarterly progress report on<br>functioning of cholonomies/<br>gas cyclinders   | AA/7127-E | Half yearly           | Zonal Engrs thro'<br>CEs Commands       | E-4 PH                             | 84347/WC-9/E-4 (P)-1<br>dated 28 Mar 77   |
| 13.                                     | Yearly assessment report for<br>award of interzone championship<br>of trophy  | AA/7129-E | Yearly                | CEs Commands                            | E-2(WPC)                           | 97008/W-2(WPC) dated<br>2/15 Mar 77       |
| <b>ACCOMMODATION (Q)</b>                |   |           |                       |   |                                    |   |
| 14.                                     | Married accommodation for<br>Army Officers and civilian<br>personnel  | AA/8415-Q | Yearly                | Commands CEs/<br>Zonal CEs              | E-2                                | A/00115/E-2/Army<br>Coord Dated 16 Apr 84 |
| <b>UNCLASSIFIED (X)</b>                 |   |           |                       |   |                                    |   |
| 15.                                     | Annual Comparative statement of<br>electrical & Water Supply  | AA/1522-X | Yearly                | MES Installations                       | E-4                                | 73138/11/E-4 dated 30<br>Aug 69           |

Note: Authority- GS Branch MIS AHQ New Delhi letter No B/65016/GS/MISO/ASO(coord)  
dt. 18-9-1003

## CHAPTER- 30 DEFENCE ESTATES MANAGEMENT

### Organisation

**648.** (i) The Ministry of Defence is vested with ownership of considerable areas of lands both inside and outside Cantonments, which are under the control, custody and management of the three wings of the Armed forces, other organisation like DGOF, R&D, DG QA as also the Defence Estates Department, which came to be renamed in 1986, as Indian Defence Estates subsequently amended as Defence Estates. The Defence Estates Services is headed by the Director General of Defence Estates under the Ministry of Defence and assisted by Pr. Directors of Defence Estates at the command level. The Directors of Defence Estates in the Command have under them Defence Estate Officers for each of the circles constituted for administrative convenience.

(ii) The primary functions of the Defence Estates Services are:-

- (a) management of defence lands which are under their custody.
- (b) acquisition, hiring, requisition and disposal of immovable properties.
- (c) administration of land ceiling laws in the cantonments and
- (d) eviction of encroachers from defence land by invoking Public Premises and Eviction Act.
- (e) Management of commercial shopping complexes created on Defence land and from non-public fund by re-appropriation of Govt. building to the Defence Estate Organisation

(Auth: Govt. of India, MOD letter No. 10(25)/2001-D(Q&C) dated 22.11.2002.

(iii) The land requirements for the Defence Services are worked out based on norms and scales laid down (Hand Book of Cantonment Planning 1947 presently as modified by Ministry of Defence of letter No. 12026/41/84/D(lands) dated 19.2.91). Correctness of requirements projected by service authorities should also be examined w.r.t. MOD letter dt. 19-2-91.

**649.** Lands inside cantonments are classified as follows:-

- Class A-1 land - in active occupation by the armed forces
- Class A-2 land - Land which for specific purpose must be kept vacant and not built upon.
- Class B-1 land - in occupation by civil department (other than Defence) of Central Govt.
- Class B-2 land - under control of State Government
- Class B-3 land - held by private firms under 'old grant' terms lease etc. where Government reserve themselves the proprietary rights of the soil.
- Class B-4 land - Vacant land not falling in any of the classes above.
- Class C-1 land - and vested in Cantonment Board for municipal or public purpose.

(Ministry of Defence DGD L&C letter No. 744/27/L/L&C/77 dated 23.11.77)

## **Acquisition/ Requisition of Lands**

**650.** (i) Requirement of land for defence uses is decided either on short term or long term basis depending upon the situation. Land required on short term basis is requisitioned in the first instance and acquired later, if warranted, under the Requisitioning and Acquisition of Immovable Property (RAIP) Act 1952. Land required on long term basis is straightaway acquired under the Land Acquisition Act (LA Act) 1894. In cases of urgent and immediate needs land can be requisitioned and then acquired under the relevant acts.

(ii) When the occupancy right of land is taken on payment of rent by mutual agreement, it is a case of hiring. Land is hired only, if it is envisaged to be used for short period and no permanent assets are expected to be created.

(iii) Service authorities or heads of organisations in need of land are responsible to assess the area of land and submission of the proposal for acquisition / requisition to Government or appropriate authority for sanction as prescribed. Sanctions to the requisitioning of immovable properties can be accorded by authorities lower than Government only when operational or other emergent needs cannot be postponed and for which obtaining of Government sanction may delay matters to such an extent as to defeat the object in view. While resorting to acquisition of fresh lands for defence purpose, the guidelines issued by Government in their letter No. 14018/1/84/D(Lands) dated 10.9.84 should be kept in view. Once the acquisition is approved, the responsibility to obtain 'No objection' to the proposed acquisition from the State Government concerned, placement of demand for acquisition on the civil authorities, ensuring steady progress of acquisition proceedings, assisting civil authorities in assessment of compensation payable to the assessee, as also timely disbursement of compensation devolves on the Defence Estates Organisation.

(Ministry of Defence letter No. 11011/2/77/D(Lands) dated 12.10.77).

(iv) Proposals for hiring or requisitioning of immovable property beyond the powers of competent authority or not covered by any rule/ orders require Government sanction.

(v) Requisitioned properties cannot be retained beyond 17 years as specified in RAIP (Amendment Act 1985).

## **Management of land**

**651.** While management of A-1 lands which are in active occupation by the services / other Defence Organisations vests with them, management of other lands vests with the Defence Estate Organisation Viz. DEOs/ Cantonment Boards.

## **Payment of Compensation.**

**652.** (i) Funds for payments of compensation for acquisition/ requisition of lands for Defence Services to be made by Revenue officials of the State Government (Collectors/ Deputy Commissioners) would be obtained by them from the Defence Estate Officers concerned. For this purpose Defence Estate Officers would seek necessary cash assignment through the DDE from the CDA and make necessary advances and watch adjustments as prescribed.

(Ministry of Def. Letter No. 231/223/Acq/DLC/361-S/D (Lands) dated 22.10.82)

(ii) Rehabilitation grants are also paid to families/ persons displaced by acquisition based on/ State Government schemes/ resolutions.

### **Review of Requirements of lands**

**653.** According to Ministry of Defence letter No. 11021/1/76/D(Lands) dated 29.9.77, all Defence holdings are required to be reviewed once a year by the concerned Service HQrs. with a view to identifying lands permanently surplus and which could be disposed of after consultation with the other services organisation/ Department and submission of a report to the Ministry for their review and issue of orders by 30<sup>th</sup> December. Land, if any, permanently declared surplus would be placed at the disposal of /DGDE for arranging sale thereof through public auction by auctioneers appointed by Government.

### **Encroachments**

**654.** Responsibilities for removal of encroachments of A-1 lands rests with the Defence units in occupation and DEOs would initiate action for removal thereof only at the request of Defence authorities. DEOs are responsible for detection and removal of encroachments in A-2 and B-4 lands under their management while Cantonment boards are responsible for detection and removal of encroachment of B-4 lands in civil areas of Cantonment and Class C lands management of which is vested in Cantonment Boards. DEOs are required to furnish a certificate annually duly countersigned by Station Commander regarding correctness of plans and schedules together with details of encroachments of lands or unauthorised structures thereon. Defence Authorities/ DEOs are also required to furnish an annual certificate to departmental heads after verification of boundary pillars indicating the position of encroachments, if any, and action taken for removals thereof.

### **Records maintained for management.**

**655.** (i) Apart from documents relating to MT Accounts, Cash Accounts including Imprest, Service Books, Accession Register, Telephone/ Trunk Call Registers, the following basic documents are also maintained in the offices of DGDE/DDE/DEOs.

- (a) General Land Register
- (b) Military Lands Register
- (c) Register of hired and requisitioned properties
- (d) Land Revenue Register
- (e) Grant Register for building sites
- (f) Grants Register for Agricultural lands
- (g) Grants Register Misc.
- (h) Register of Licence and Temporary occupation of lands
- (i) Register of Standard Table of Rents
- (j) Cantonment Register
- (k) Security Deposit Register
- (l) Sale Accounts Register
- (m) Register of Sureties
- (n) Register of Encroachment
- (o) Assignment Cash books

(p) Public Funds Cash Book.

(ii) DGDE monitors the activities in the organisation through reports received from DDE/ DEOs relating to land holdings, statement showing revenue position for leasing of land for Agricultural purposes, advertisement hoardings, lease of building site/ shops, sale of trees and usufructs and miscellaneous receipts. DGDE also undertakes annual inspection.

### **Audit Procedure**

**656.** (i) Papers leading to the issue of sanctions for acquisition/requisition/ hiring/ derequisitioning/ de-hiring etc. are examined at Headquarters Office with reference to Ministry's papers. Points requiring detailed examinations locally are got examined through the concerned Command Officer.

(ii) Accounts relating to cash, MT, Telephones, Service Books etc. maintained in the offices of the DGDE/ DDE are audited in accordance with the procedure as brought out in para 528 and 539 of Chapter 28.

(iii) the important aspects that audit should look into during the audit of the office of the Director of Defence Estate offices should be:-

- (a) Acquisition/ Requisition
- (b) De-requisitioning
- (c) Encroachments
- (d) Delay in disposal of surplus lands
- (e) Holding of Defence land - utilisation
- (f) Non-execution of lease agreement
- (g) Hiring

#### **(iv) Acquisition/ Requisition/ Hiring**

(a) Annexure A to Ministry of Defence letter No. 14018/84/D(Lands) dated 10.9.84 lays down the steps to be taken by the Directorate General of Defence Estates to avoid delays in completing acquisition proceedings after administrative sanction has been issued.

(b) The establishment of the Collector of every District has certain staff to perform the duties connected with acquisition of land in the district. In the cases of large scale acquisition when the State Govts. find it difficult or are reluctant to create additional staff on their establishment, the essential requirement has to be met by the Defence Ministry. The responsibility for the recruitment, posting, supervision and control of such staff is that of Collector/ State Government. While the expenses are reimbursed by the Ministry of Defence such authorisations and reimbursement of expenditure are however not made where the State Government charges an establishment cost as a percentage of acquisition compensation.

(c) Powers are vested in Directors, Defence Estates to accord sanction for appointment of non-gazetted staff including Tahsildars and in the Ministry of Defence (without financial concurrence) for appointment of Land Acquisition Officers or other Gazetted Personnel for expediting acquisition proceedings. Progress made in acquisition is required to be reviewed on quarterly basis. Cases of acquisitions sanctioned should be examined to ensure that.

1. acquisition proceedings initiated are complete with plans and maps.

2. the requisite notification to be issued under the relevant acts had been issued expeditiously.
3. close liaison is maintained between DEO and the civil authorities and
4. determination of compensation is not delayed by assisting the Land Acquisition officer in arriving at fair market value by providing assistance, suitable evidence in support.

(d) Instructions have been issued by DGDE to ensure publications of preliminary notification under Section 4(i) within six months of placing demand with the Collector, declaration under section 6 within six months thereafter and finalisation of award within six months of the publication of the declaration, thereby endeavoring to complete the acquisition in normal cases within one and half years time against the period of three years provided in the Land Acquisition Act. Instructions also envisage rendition of self contained reports to DGDE where the time limits are not adhered to, to facilitate matters being taken up with State Government at Ministry's level. In respect of acquisition of Requisitioned properties under RAIP, instructions envisage details of assets/ works being ascertained from MES/ users, inspection of site by DEOs and transmission of notifications under section 4(i) or declaration under section 6 within one month of receipt of draft notification.

(e) In spite of procedure formalities being laid down cases still occur where due to reasons, as indicated below, delays occur resulting in payment of avoidable enhanced compensation, due to revisions caused by lapse of time.

1. Discrepancies in areas of land resulting in protracted correspondence.
2. Delay in arriving at the cost of land.
3. Delay in making payments of compensation for lands allotted by State Government.
4. Delay in obtaining no objection certificate from State Government.
5. Delay in processing by Defence Estates organisation of claims valuation reports forwarded by State land Acquisition authorities.
6. Cases may arise where acquisition could have been resorted to from a number of land owners where a few of them could have gone in for arbitration. Delay in obtaining sanctions in respect of remaining cases based on arbitration award and consent of the remaining land owners for accepting such terms for want of proper liaison between DEOs and civil authorities could lead to enhanced payments of compensation due to further arbitration.

(Ministry of Defence (DG D L& C) No. Draft Para/83/ACQ/EC/SC/DL&C dated 11.3.86 addressed to Directors DL&C)

7. Delay in rectifying discrepancies by joint survey.
8. Delay in acquisition of requisitioned lands without taking note of the permanent assets created.

(f) Cases may arise where lands acquired could not have been put to any use as indicated below:-

1. Lands could have been acquired on 'Priority' without finalising Zonal/ Master Plans.
2. Lands being acquired without taking into account whether it could be put to the intended use, resulting in such acquired land being considered

for disposal/ being placed under the management of Defence Estate Officers to realise revenue pending alternate use being decided, such cases where noticed should be highlighted for possible comments in the Report of the C&AG of India Union Government, Defence Services.

g) In assessing compensation payable, such payments may include compensation representing value of fruit bearing/ non fruit bearing trees. On certain occasions the lands so acquired could be placed under the management of DEOs for realising by sale through auction of the fruits and other non-fruit bearing trees, pending decision on utilisation of the lands acquired. Audit should examine whether the revenue realised in such cases was compatible with the compensation assessed and paid.

h) No hiring of land is resorted to by competent authority unless its possession is considered to be of vital importance to meet Defence requirement and that proper lease agreements are executed.

#### **v) Derequisitioning**

Sanctions issued for de-requisitioning should be examined to find out that there is no undue delay in derequisitioning leading to avoidable payment of recurring compensation.

#### **vi) Encroachment**

a) In spite of various safeguards like annual inspection by DEOs, verification of boundary pillars etc. as brought out in para 655 (ii) above, encroachment continue to recur for long periods. Such cases of encroachment reported should be examined in detail to find out:-

1. the area and nature of encroachment.
2. the period for which the encroachment had been in existence.
3. whether lands encroached are surplus to Defence requirements and have been declared so.
4. the parties who had encroached and whether any structures had been raised on the area of encroachment.
5. whether local Defence authorities were aware of such encroachment and whether any revenue was being realised.
6. nature of action taken to remove/ regularise the encroachment.

b) There may be cases where, inspite of entries in the land registers, documentary evidence in support of title to land holdings may not be available with DEOs.

c) Cases may exist where in the process of transfer of land from State Government the total area agreed for transfer might not have taken place.

d) Cases may exist where vacant land could have been occupied by State Government/ local Administration authorities without any authority for such occupation and without payment of transfer value/ rent.

#### **(vii) Delay in disposal of surplus land.**

(a) Cases relating to lands declared surplus should be examined to find out when such surplus were declared and in the event of non-disposal by sale by auction by authorities appointed by Government in respect of acquired lands, the reasons therefor. In cases of disposal, it should be seen that the market value has been

assessed by appropriate authority and bids accepted (based on highest bid) are not below reserve price fixed and in the event of bid received being less orders of Government had been obtained.

(b) In cases of lands transferred to State Government/ local Administration/ Undertakings based on Government sanctions it should be ensured whether the transfer value in terms of Govt. sanction had been realised.

#### **(viii) Holding of vacant land**

(a) Large areas of vacant lands, if held without utilisation for long period, such cases should be examined to ascertain the reasons for holding such land without declaring them surplus and whether availability of such vacant lands had been taken into account before initiating fresh acquisition as envisaged in Ministry of Defence letter No. 14018/1/84/D (Lands) dated 10.9.84. Entries in the land registers in all such cases should be verified with reference to mutation certificates/ handing/ taking over certificates duly supported by plan and completed details of lands to ensure that the title of Defence Department is not open to question.

(b) As per Ministry of Defence letter No. 11026/1/75/D (Lands) dated 10.5.76 Regimental Centres/ Units utilising lands for cultivation in excess of the 4 acres per 1000 troop are required to pay  $\frac{1}{4}$  of the net annual profit as per audited figures of Regimental Funds to Government. Details of large holdings of lands by Regimental centres/ units, should be seen by the local test audit parties auditing such centres/ unit to find whether such payments are made to Govt.

(c) In respect of unused camping grounds/ air fields not intended to be declared surplus, it should be seen whether such lands had been given on agricultural lease or put to any alternate use or whether action to explore possible use has been taken.

#### **(ix) Execution of Lease Agreement**

(a) Vacant land not required for immediate use might sometimes be handed over to State Government/ Local administration. In all such cases of occupation it should be verified whether lease agreements have been executed/ renewed and whether lease rent had been realised.

(b) Vacant land may at times be made available to private parties for holding shows/ exhibition etc. Such cases of utilisation should be examined to find out whether the terms and conditions for such utilisation had been drawn and whether the revenue realised is reasonable with reference to Standard Table of Rents.

(c) Whether possibilities of utilisation of vacant lands by leasing them temporarily for agricultural purposes had been explored should be examined. If so revenue for land leased out realised should be traced into the cash book with reference to entries in the Land Revenue Register.

#### **(x) Old Grant sites and land in Cantonment Areas**

(a) The procedure to be followed by the Defence Estates organisation in regard to conversion of Old Grant sites and regulation of lands in Cantonment areas has been laid down in Government of India, Ministry of Defence No. F/11013/7/73/D(Lands) Vol. III dated 18.6.82 addressed to the Director General, Defence Lands and Cantonment. It should be ensured that grants of lease or transfer of free hold rights of old grant sites or resumable tenures not required for any Defence/ Public purpose, subject to ceilings under urban Land Act by sale, are made strictly in accordance with



the provisions of the above Government letter. Since such sale is to be regulated based on the Standard Table of Rents depending on the area of the plot, it should also be verified and ensured that the Standard Table of Rents had been revised as per periodicity prescribed (annually or once in three years) in DGD L&C letter No. 18/35/STR/R&D/ML&C/54 dated 27.6.81 and No. 18/35/STR/L&C/54 dated 25.6.82.

(b) In respect of schemes approved under provisions of Urban Land Act, it should be verified whether the proposals based on which such approval had been given had been adhered to.

(c) In respect of resumption of bungalows held on old grant terms, it should be verified to find out, whether procedure laid down in Government of India, Ministry of Defence letter No. 1/12/R&D/L&C/686/Vol. III/ 548 D(L&C) dated 1.2.91 had been followed.

#### **(xi) Advertisement Hoardings**

(a) Policy for licencing of Defence lands for setting up advertisement hoardings has been laid down in Govt. of India, Ministry of Defence/D(Lands) ID No. 724/6/L/L&C/83-Vol. IV dated 20.11.89. It should be verified in audit that procedure prescribed for grant of licence by public auction/ by tender has been followed and that the value of bids/ tenders accepted are comparable with those relating to adjoining areas and bids/ tenders accepted in previous years.

(b) A general comparison of the percentage of increase in relation to previous bids should also be undertaken with a view to ensuring that bids/ tenders accepted are realistic.

#### **(xii) Hiring of Buildings**

(a) Accommodation required for Service Officers, separated families messes and office accommodation will be hired on administrative sanctions under the provisions of the Quartering Regulations, normally based on prescribed scales and recommendations of the Station Boards, constituted by the Station Commander (Chief Administrative Officer in respect of hiring at Delhi/ New Delhi). Accommodation hired upto 25% in excess of prescribed scales requires the prior approval of the next higher authority and hiring in excess of 25% of the prescribed scales requires Government sanction. The Defence Estates is responsible for hiring of the accommodation and payment of rentals to the owners.

(b) Based on administrative sanctions, lease agreements would be executed by DEOs with the owners for periods specified (not less than 3 years) and rents for buildings hired by the DEOs are paid from cash assignment placed at his disposal for the purpose based on pre-receipted bills on hand Receipts. Buildings so hired will not be de-hired without the specific sanction of Chief of Staff at Command level.

(c) Premature de-hiring on compassionate grounds is required to be decided by the Ministry of Defence in respect of Bombay, Calcutta, Bangalore, Secunderabad, Ahmedabad, Poona and Jabalpur and by QMG or officer of same status in the other two Arms of Services, in respect of other stations.

(d) De-hiring will be resorted to in chronological seniority of houses hired at each station i.e. first hired/ first de-hired basis according to percentage prescribed for the station when accommodation becomes available by fresh construction or by fresh hiring.

(Ministry of Defence ID No. 1(3)/87/D.(L&C) dated 3.7.87).

(e) Dehiring sanctioned due to unhygienic, uninhabitable and unpopular reasons should be based on proceedings of a Board of Officers. In such cases it should be examined how such buildings came to be hired initially whether the buildings so hired remained vacant for unduly long periods involving expenditure on payment or rent and care and custody.

(f) Details of accommodation constructed for officers and handed over for allotment and occupation should be collected during audit of MES formations along with details of hired buildings and Government owned accommodation remaining vacant for use during audit of the accounts of Defence Estate Offices to find out whether action had been initiated for dehiring accommodation as envisaged in para (d) above. Cases of delay in deciding on hiring resulting in avoidable expenditure by way of payment of rent and care and custody, if any, should be collected for being commented upon.

**(xiii) Additional points to be seen in DEOs Office.**

Besides audit as contained above transactions pertaining to one month's account should be traced from the initial documents to their final entry in the records maintained in DEOs. It should also be seen that:-

- (a) the General Land Register has been examined periodically by the Director General, Defence Estates (see note (xxii) to rule 4 of Military Lands Manual
- (b) entries made in the land Revenue Register correctly represent the conditions of the respective lease;
- (c) recoveries on account of rent shown in the Land Revenue Register have been duly credited in cash book and deposited to the credit of Government;
- (d) the leases have been approved by the competent authority, that they are legally and precisely drawn up, financial interests of the Government are adequately safeguarded and that surplus and vacant lands leased out are not used for the purpose other than those for which they were leased and in case of any change in purpose whether suitable action had been taken for revision of rent payable;
- (e) the Grant Registers for building sites, agriculture lands, miscellaneous sites and temporary licences have been correctly maintained and that the particulars given therein agree with details of the lease deeds;
- (f) the leases have been given to the highest bidders and that the premia offered are not less than the reserve premia fixed by the DEO;
- (g) the building sites of lands are not sold without the approval of the Government of India (Rule 15 Cantonment Land Administration Rules);
- (h) no alteration in the classification of land is made without the sanction of Government of India;
- (i) all entries in the cash book are attested by the Defence Estate Officer;
- (j) adequate publicity is given before conducting auctions;
- (k) dues from the cantonments are correctly realised;
- (l) payments for hired lands and buildings are made only where lease agreements have been concluded and in other cases Government Orders are obtained for payment;

- (m) all payments made have been entered in the Register of Sanctions maintained by the Unit Accountant/AAO
  - (n) the Grants Register of temporary licences has been properly maintained by the Unit Accountant/AAO
  - (o) the Grant Register of temporary licences has been properly maintained and no licences are granted for a period exceeding one year;
  - (p) sanctions accorded by the GOC-in-C, under Rule 14(4) of the Cantonment Land Administration Rules, 1937. Demands Register and the classified abstracts of receipts and charges for the Cantonments are properly maintained;
  - (q) 1. That orders under the Urban Land (Ceiling and Regulations) Act 1976 are being implemented;
  - 2. that the amounts payable are correctly worked out in consultation with Civil authorities in respect of properties taken over, and
  - 3. that the taking over of surplus lands are reflected in the Land Register
- (xiv) Commercial shopping complex, audit procedure –Annexure ‘A of the chapter.

#### **Assignment cash books**

657. (i) DEOs would seek necessary cash assignment as prescribed in para 535 MES Regulations from the CDA through DDE based on cash requirements as intimated by Land acquisition authorities. Advances for payments to Collector/ DCs/ Land Acquisition officers would be based on Land Award Statements Assessment Reports received with requisition from the competent Land Acquisition authorities. Advances would be paid out of cash assignment obtained for the purpose after pre-scrutiny by the Unit Accountant. Land Acquisition authorities are required to render a simple cash account every month indicating details of amounts drawn and paid duly supported by Payees receipts and receipts pertaining to deposit of money into courts with a certificate regarding cash balance in hand. Assignment cash book would be maintained separately in respect of acquisition/ requisition properties with cash books for works projects and Collector/ DC/ Land Acquisition Officer wise and personal ledgers which should be submitted to UA for onward transmission to CDA every month. UA is required to maintain a Register of Sanctions.

(Ministry of Defence letter No. 201/223/Acq/DLC/361-S/D(Lands) dated 22.10.82)

(ii) The cash book and subsidiary documents should be examined to ensure that (a) the payments are supported by prescribed documents, (b) the monthly accounts are rendered by the Land Acquisition authorities and (c) the unspent balance is remitted.

(iii) Assignment cash book maintained in respect of hired buildings should be audited with reference to supporting vouchers.

(iv) Public Fund Cash Book Account, Service records etc. would be subject to audit as prescribed in Chapter28.

#### **Books/Orders which have to be mandatorily available with audit parties.**

1. Military Lands Manual
2. Acquisition, Custody and Relinquishment Rules 1944.
3. Quartering Regulations.

4. Unit Accountant's Manual
5. Ministry of Defence letter No. 12026/41/84/D(Lands) of 24.4.91.
6. Ministry of Defence DGDLC letter No. 744/27/L/L&C/77 dated 23.11.77.
7. Ministry of Defence DGDLC letter No. 11021/1/76/D(Lands) dated 29.9.77.
8. AHQ QMG Br. Letter No. B/87897/Q3C(Plg) dated 18.5.85 – Instruction for avoiding delay.
9. Ministry of Defence letter No. 14018/1/84/D(Lands) dated 10.9.84 – Guidelines for provision/ acquisition.
10. MOD(DGDL&C) No. Draft Para/83/ACQ/EC/SC/DL&C dated 11.3.86 addressed to Director DL&C/DEOs – Instructions for maintaining close liaison.
11. Ministry of Defence letter No. F/11013/7/T3/D(Lands) Vol. III dated 18.6.82 – Land Policy in Cantonments. Ministry of Defence Letter No.1/12/R&D/L&C/ 66 Vol/IV/548/D(Q&C) dated 1.2.91.
12. DGDLC letter No. 18/35/STR/R&D/ML&C/54 dated 27.6.89 and 18/35/STR/L&C/54 dated 25.6.82 – Revision of STRs.
13. Ministry of Defence/ D(Lands) ID No. 724/6/L/P&C/83 – Vol. IV dated 20.11.89 – Policy for licensing Defence Lands for setting up Advertisement Hoardings.
14. MOD Letter No. F/1/3/T6/2322-Q/D(Qts) dated 23.7.80 – Recovery of ground rent for cinemas constructed out of Regimental Funds.
15. MOD ID No. 1(3)87/D(Q&C) dated 3.7.87 and AHQ letter No. 73150/Q3(B) dated 28.8.87 regarding delegation of powers for de-hiring
16. MOD letter No. 201/223/Acq/DLC/361-S/D(Lands) dated 22.10.82 – Payment of compensation for acquisition requisitioning of land – Procedure for.
17. MOD letter No. 10(25)/2001 – D(O&C) dated 22.11.2002.
18. 11026/II/US/D(Lands) dated 7.9.95 for inclusion of boundary pillars in the cost of land.
19. Govt. of India, Ministry of Defence New Delhi MOD C-9/LA/Rs/Addl. DG/DE/5928/D(Lands) dated 8<sup>th</sup> December 1992 for guide lines for conduct of land audit.
20. Govt. of India, Ministry of Defence New Delhi MOD 120206/41/84/D(Lands) dated 19/2/1991 Regarding requirement of land.
21. Govt. of India, Ministry of Defence letter dt. 4/1/2001 regarding management of shopping complexes.

**ANNEXURE 'A'**  
**[reference to in Para 656 (xiv)]**

**Rules on Management of commercial shopping complexes created on Defence Land by the services from non – public funds or by reappropriation of government buildings.**

**Rule (9) Allotment of shops**

The following procedure shall be adopted for allotment of the shops:-

(i) The DEO shall invite applications in the prescribed form in Schedule I through advertisement in print media/ public notice pasted on office notice boards in the offices of DEO, GE, Stn. HQrs etc./hand bills provided that publicity through print media shall be mandatory. There shall be a gap of at least 15 days between publication of the notice in the newspapers and last date of receipt of applications. Application received after the last date so notified shall not be entertained. No application without earnest money deposit, the amount of which shall be equal to one month's licence fee, shall be entertained. The notice shall specify the number of shops to be allotted tradewise, the licence fee fixed for each shop, the period of licence and the basis of allotment. The applicant shall be required to mention the kind of shops/ trade he/she is applying for in his/ her application.

(ii) (a) 60% of the shops in each commercial shopping complex shall be reserved for war-widows/ widows of Defence personnel killed in other action, ex-servicemen, their spouses, widows of ex-servicemen provided that preferential allotment may be made in favour of existing licencees/ occupants in this category.

(b) Remaining 40% of the shops may be allotted to civilians, provided that preferential allotment may be made in favour of existing civilian licencees/ occupants subject to the condition that priority be given to the remaining existing licencees/ occupants of the ex-servicemen etc. as mentioned in Rule9 (ii) (a) above.

(c) In case of unfilled vacancy in the category of 60% limit, another attempt shall be made within a period of one year and even if no response is received, unfilled/ balance shops shall be considered to be given to the civilian category beyond the limit of 40%.

(d) The preferential allotment made under Rule9(II) (a) & (b) above shall be only for the initial term of the licence for a period of three years. Further allotment shall be made strictly under the rules framed herein.

(iii) After the receipt of the applications, the same shall be segregated into three categories, namely.

(i) for shops reserved for war-widows/ widows of Defence personnel killed in other action, ex-servicemen, their spouses, widows of ex-servicemen

(ii) for existing licencees/occupants; and

(iii) others

Further, in each of these categories the applications will be segregated trade-wise. If applicants for a particular trade is less than or equal to the number of shops of that trade they shall be allotted the shops. If, however, the applicants for a particular trade are more than the number of shops in that trade, selection of allottees shall be done by draw of lots. Furthermore, if the number of shops of a particular

trade is more than one in a commercial shopping complex, allotment of shops shall also be made by draw of lots.

**Rule 10. Constitution of the Screening Committee**

A Screening Committee shall be constituted consisting of the following:-

- (i) Military officer commanding the station in which the said commercial shopping complex is located as Chairman;
- (ii) DEO concerned under whose jurisdiction the complex falls.
- (iii) Garrison Engineer/ Central Public Works Department (GE/CPWD) reps concerned under whose jurisdiction the complex falls.

**Rule 11. Functions of the Screening Committee.**

The Committee shall be responsible for:

- (i) Determination of the licence fee payable per month for each of the shops. The licence fee shall be determined as per the procedure set out in Rule 12.
- (ii) Deciding the nature of trade to be permitted in each of the shops.
- (iii) Scrutiny of each application.
- (iv) Allotment by draw of lots if the number of applicants is more than the number of shops in each of the categories.
- (v) Deciding the trade and shop number to be allotted to the successful applicant.

**Rule 12. Licence fee/maintenance-cum-security charges and period of licence:**

(i) The Committee shall determine the licence fee in respect of each of the shops in a commercial shopping complex provided that the licence fee so determined shall not be less than 10% of the total of the current market cost of land provided by the DEO plus current depreciated cost of construction provided by the Garrison Engineer/Regiment concerned and improvements, if any. The committee shall also determine the cost of maintenance-cum-security services to be made available for the commercial shopping complex. The component of maintenance-cum-security services shall be worked out by the committee on the basis of fair assessment of the likely cost to be incurred in this regard.

ii) The shops shall be given on licence for a period of three years on payment of licence fee and maintenance-cum-security charges as fixed by the committee under Rule 12(1) subject to the provisions that licence fee shall be enhanced by 10% every year and maintenance-cum-security charges shall be subject to enhancement by 5% every year provided further that the committee shall be competent to determine lesser enhancement with the prior approval of Principal Director, Defence Estate, the command if the facts and circumstances of the case so warrant.

iii) No change of trade will normally be permissible during the currency of the licence. However, in exceptional circumstances the committee constituted under Rule 9(1) will be competent to permit change of trade on an application received from the allottee on payment of fees of Rs 5000/- or more as may be decided by the Committee.

iv) No transfer of allotment is permitted except in case of demise of the allottee. The same shall be considered by the Screening Committee to the dependent/

legal heirs as the case may be for the residual period of the term.

v) The allottee will be required to maintain proper standards of hygiene and quality products for sale as may be prescribed by the Station Health Organisation/ Cantonment Board.

vi) Trade licences whenever necessary shall be obtained by the allottees from the concerned municipal authority and prominently displayed in the premises.

vii) the Station Hqrs in whose jurisdiction the commercial shopping complex exists shall issue security passes to the allottees and their employees after due verification.

viii) Allottees defaulting on any of the condition of the licensee's agreement will be liable to termination of their licence and eviction under PP Act.

ix) the allottees shall be required to deposit security equivalent to four months; licence fee which shall be refundable without interest on vacation of the shop.

x) On initial allotment the allottees will be required to pay two months' licence fee in advance on receipt of which, the licence agreement will be executed with them and physical possession of shop handed over. After the expiry of the first two months, the monthly licence fee shall be payable in advance before the last working day of the previous month.

xi) The allottee will be required to execute an agreement with the DEO at his/her own cost.

### **Rule 13. Commercial shopping complex account:**

(i) In respect of commercial shopping complexes created on Defence land by utilizing non-public funds only, 50% of the net revenue calculated (annually) will be remitted to the concerned Regimental Fund authorized by Government/ Service HQrs in the event there is no such regimental fund, 50% of the net revenue shall be remitted to AWWA/AFWWA/NWWA and balance 50% into the Government treasury in the manner as stated above.

(ii) The DEO based on the past data available with him shall project a budget for maintenance as well as the approximate amount which would have to be remitted to the regimental fund.

(iii) The management of accounting of such Commercial Shopping Complexes, will be done from the Defence Service Estimates (Respective Services Code Heads as enclosed in Annexure-A) itself, for meeting the expenditure, Service HQrs. will release funds to DEO as per Rule 13(1) above under these heads. All receipts will be credited as revenue to the Defence Services heads.

(iv) The DEO shall incur the expenditure subject to the allotment made by the respective Service HQrs for maintenance of the shopping complexes from the Cash Assignment already available with the DEO and compiled under the relevant Service head by the unit account at (U.A.) attached to the DEO. Quantum of cash assignment will be suitably enhanced as on requirement basis.

(v) All receipts on account of licence fee, maintenance etc. shall be deposited by the concerned DEO within 48 hours in the Govt. Treasury by way of MRO and shall be compiled by the unit Accountant to the concerned receipt Head.

(vi) After February accounts are closed, the DEO shall work out the Net Revenue and intimate 50% of this amount to unit/ Formation for claiming the amount

from DEO. This will be remitted to the Regimental fund by the DEO(s) through the cash assignment. This will be treated as provisional payment which will be further fine-tuned after audit of accounts of expenditure and receipts.

(vii) Immediately after the promulgation of this letter the DEO(s) will be authorised to use the cash assignment of incurring expenditure on these head of accounts only for the management of such shopping complexes.

(viii) The accounts, cash and stores of the DEO will be subject to post audit by the CDA concerned through the LAO every quarter.

#### **Rule 14. Electricity/ water charges;**

The allottee will also be required to pay separately electricity/water charges as may be fixed by the authorities concerned in addition to the monthly licence fee and maintenance-cum-security charges, provided that the allottees shall pay electricity/water charges directly to the authorities concerned wherefrom direct electricity/ water connections are given in the shops wherever feasible by the authorities concerned on a 'NOC' to be furnished by the DEO. The municipal service charges (in lieu of property tax) will be paid by the DEO to the concerned local body/ municipality, if otherwise payable.

#### **Rule 15. Lapse of Deposits:**

In the event of allottees forfeiting their claim to any of the security deposit made as per these rules, the deposits shall lapse to the Govt. and will be credited into the "Commercial Shopping Complex Account".

#### **Rule 16. Maintenance of commercial shopping complex:**

(i) DEO shall enter into contracts for services like conservancy horticulture, landscaping, security etc. after following prescribed tendering procedures.

(ii) The DEO may authorise any of his/ her subordinate officers as Administrative Officer in charge of the commercial shopping complex. He/she may also designate any technical staff in his/ her office to act as supervisor over the contract staff engaged and to arrange for essential day to day requirements of the commercial complex. The DEO may also take the assistance of clerical staff in his office for maintaining the record, books, registers, ledgers pertaining to accounts.

(iii) The DEO shall maintain the following books of accounts: Cash-book, imprest cash-book, stock-book, immovable property register, works register, measurement book, vehicle log book, commercial complex register and any other document which he/she may consider necessary.

(iv) The LAO shall carry out quarterly audit of all the documents maintained under rule 12(iii). The audit fees as determined by the CDA concerned shall be payable by DEO.

(v) The DEO shall get original or maintenance works done through any agency after obtaining the sanction of the Competent Authority as specified if necessary, provided that if the commercial shopping complex is situated in a cantonment the DEO shall first request the Cantonment Board for execution of the work on payment of departmental charges to the extent of 10% of the actual cost of the works.

(vi) The DEO shall be competent to make local p per rule 12(ii). The



provision of General Financial Regulations and other Govt. instruction in regard to purchase or disposal of stores or equipment shall be followed. The sanction of the Competent Authority shall be taken in case any deviation from the financial rules is considered necessary.

( M&D letter no. 10(25)/2001-D(Q&C) dated 22.11.2002)

## CHAPTER- 31

### ORDNANCE FORMATIONS

**658.** Director General, Ordnance Stores (DGOS) as the head of the Army Ordnance Corps is responsible to the Master General of the Ordnance for Administration and direction of Ordnance Services. He is the Commanding Officer of the AOC. Organisational Chart of Ordnance at Army HQrs is given at Annexure I. DGOS is responsible in peace and war for:

(i) Provision, receipt, storage, preservation, accounting, stock taking and issue of Ordnance Stores ie. armament, engineering, signal and wireless stores, MT spares, vehicles, ammunition, clothing and necessaries to the Army and common user items to the Navy, Air Force and other departments referred to in the Equipment Regulations.

(ii) Repair and modifications to Ordnance Stores which are not the responsibility of the EME.

(iii) Inspection, repair, proof and test conversion and disposal of ammunition and explosives.

(iv) Disposal action in respect of unwanted and unserviceable stores.

(v) Raising and disbandment of static / field ordnance depots / units.

(vi) Accommodation and staff required by the Ordnance Services to perform their role efficiently.

**659.** DG OS at AHQ is assisted by Additional DGs OS / DDGs OS/ MGs AOC at Command level, DDOS Corps level and Col. (Ord) at Area level advise the GOC-in-C and GOC respectively, on all Ordnance matters and are responsible for such functions assigned to them as brought out in Regulations for Ordnance Services Part I & II. Similarly DD OS / ADOS at Corps HQrs. and CO DOU at Div. HQrs. are responsible for the efficiency of the Ordnance Services in the Corps / Div. concerned. At Sub Area level a Sub Area Ordnance Officer functions for the purpose.

#### **AOC Establishment and Units**

**660.** (i) The administrative establishments are:.

(a) AOC Centre and Records

(b) CMM School

(ii) These establishments are dealt with in test audit as in Chapter 38 relating to Training Centres / Formations.

(iii) The more important executive establishments and units of the AOCs are:

(a) Central Ordnance / Ammunition / Vehicle/ Armoured Fighting /Aviation Depots

(b) Ordnance / Ammunition / Vehicle Depots

(c) Ordnance Transit Group

- (d) Ordnance Stores section attached to ABWs
- (e) Field Ordnance / Ammunition Depots
- (f) Advance Base Ordnance Depots
- (g) Mobile Ammunition Repair Section
- (h) Ammunition companies
- (i) Ordnance Maintenance Companies
- (j) DOU
- (k) Ordnance Maintenance Park

661. Supply of Ordnance Stores classified as Class 'A' & 'B' stores is organised as follows:

### Provisioning

(i) Ordnance Directorate under DGOS at Army HQrs. is responsible for review and provisioning in the Service Class A stores comprising of major and minor items of equipment, vehicles and ammunition.

(ii) Responsibility for provisioning of class B stores comprising of spares and accessories for the equipment/vehicles is vested in the Central Ordnance Depots. However requirements of general stores and clothing are reviewed and provisioning action taken by DDG OS (GS&C) at Army HQrs. Requirements of non- explosive store items are reviewed and provisioning action is taken by Central Ammunition Depot, Pulgaon.

(iii) Detailed procedure resorted to in regard to provisioning of Class 'A' & 'B' stores and audit procedure followed is indicated in Chapter 27.

### Section 'A'

#### Control ordnance Depots

662. Ordnance system is based on a tiered-multi echelon type with Central Depots located at stations as indicated below to deal with specified items of stores to cater for the All India requirement with stocks being distributed to Command Ordnance Depots, Advance Base Ordnance Depots, Field Ordnance Depots and Ordnance Stores sections of Army Base Workshops to cater for issues of stores to units / formations in their area of supply.

| Depot              | Deal with,  |
|--------------------|---|
| COD Delhi Cantt. . | 'A' & 'B' Vehicles spares allotted to it and Machinery items  |
| COD Agra           | Signal, Scientific and Electronic Equipt. and their related spares                                  |
| COD Kanpur         | clothing & tentage items and deals with all type of camp & barrack items including utensils.        |
| COD Cheeki         | Chemicals & General stores  |
| COD Jabalpur       | Deals with Engineers stores also (Tarns) and works as Command Ammunition Depot for Central Command. |

|               |  |
|---------------|--|
| COD Dehu Road | 'A' Vehicles spares allotted to it (especially vehicles of East European origin) & fire fighting equipment |
| COD Bombay    | NBC warfare items also after procurement by COD these items are sent to 6 FOD through OD Talegaon.         |
| CASD          | Aviation (non-Aviation Stores for the Army aviation units)   |

663. Central Ordnance Depots come under the technical and departmental control of ADGOS concerned at Army HOrs. through MG AOC concerned at Command Headquarters.

664. (i) The main functions of the Central Ordnance Depots are:

- (a) to act as a central inventory point for stores / equipments dealt with by them and related spares from sources both in India and abroad;
- (b) to carry out the provision of class B stores to meet the requirements of Army;
- (c) to supply stores in bulk to various depots like Command Ordnance Depots, Advance Base Ordnance Depots, Field Ordnance Depots, Ordnance Stores sections of Army Base Workshops as well as para military and police forces;
- (d) to carry out the additional functions of Command Ordnance Depot in exceptional circumstances;
- (e) to ensure maintenance reserve stock as authorised;
- (f) to repair / overhaul equipment through Army Base Workshops;
- (g) to receive stores returned by unit;
- (h) to repair / fabricate items in the depot; and
- (i) to initiate action for disposal of unserviceable and redundant inventory.

(ii) In Ordnance Depots there are several stock groups each under the charge of a stock holder. The function of these groups is to receive and issue stores and to keep a regular day to day account of all stores transactions.

(iii) In addition to the store groups there are several other sections; some of the more important sections are:

- (a) **Headquarters Branch:** Deals with officers records, central registry, old record, HQRs. Br. Also works as commandants secretariat.
- (b) **Statistical and Methods Branch:** Deals with procedural work, planning, statistical control, printing, publicity, manpower and investigation.
- (c) **Executive Branch:** Functions under the control of Deputy Commandant. Executive Branch deals with executive matters, control on A-in-U allotments and departmental training of all personnel. Deputy Commandant is also responsible to the Commandant for efficient functioning of all stores groups and branches, arrangements for

proper storage, accounting, stock-taking, care and preservation of stores, settlement of audit objections pertaining to stores, etc.,

- (d) **Provision Branch:** Senior Provision Officer is responsible directly to the Commandant for provision aspects of stores, formulation of provision policies as per AHQrs. directive, periodical provision reviews of the items, local purchases, disposal of surplus stores, etc.,
- (e) **Administrative Branch:** Deals with administrative matters of the COD like security, fire-fighting, internal transport, finance (pay and allowances of industrial and non-industrial personnel), etc. It also deals with both civil works projects and maintenance.
- (f) **Stores Preservation Section:** Deals with supervision, care and preservation of stores. Stores Preservation Officer submits periodical stores preservation reports and damage value reports to Inter Services Stores Preservation Organisation. All loss statements caused on account of deterioration of all kinds are to be countersigned by SPO.
- (g) **Traffic Branch:** Deals with receipts and issue of stores and initiation of railway claims/ provisional discrepancy reports and passing these claims/ reports to Depot Accounts Officers for further processing.
- (h) **Depot Accounts Office:** Deals with accounting matters, pursuit of loss statements, discrepancy reports / railway claims, audit objections and conduct of periodical stock-taking of stores through a separate stock-taking group.
- (i) **Control Branch:** Deals with indents and control over receipts and issues of stores. The Control Officer has to ensure that indents / demands are scrutinised properly and checked expeditiously and vouchers are prepared without delay and sent to sub-depots / groups for further action. He has also to ensure clearance of all issue documents to the LAO and expeditious return of the receipted copies of the Issue Vouchers and finalisation of payment indents.
- O) **Officer-in-Charge - Parts Charge and Publication (PCP):** He is responsible to Senior Provision Officer for maintenance and distribution of all publications in respect of the stores held by the Depot.
- (k) The stores are held in various Sub-Depots of the COD. In addition, Miscellaneous Sub-Depot ('M' sub Depot), Returned Stores Sub-Depot (RSSD) and Depot Workshop are also functioning in a COD.
  - 1. **Sub-Depots:** Deals with correct receipt, storage, maintenance, safe custody and issue of all stores based on demands received through Control Branch.
  - 2. **'M' Sub-Depot:** Deals with Expenses and Articles-in-Use stores, storage and issue of packing material, manufacture of wood packing and their distribution.
  - 3. **RSSD:** Functions for purposes of receiving stores requiring repairs or conditioning, both from the stock groups of the depot and from outside units and formations.

4. **Depot Workshop:** Carries out repairs to the stores received back in RSSD from units / formations.

(l) **DLWC**

(m) **Salvage Sub Depot.**

665. An organisation chart of a Central Ordnance Depot / Ordnance Depot is given in the enclosed Annexure (i) and (ii).

666. Stores stocked in Depots are obtained:

- (i) by purchase from foreign countries;
- (ii) by purchase in India through central agency;
- (iii) by purchase locally;
- (iv) by manufacture in Ordnance Factories or EME Workshops; and
- (v) by transfer from other depots, units and formations.

667. The auditable documents maintained in Ordnance Depot are indicated in *Annexure V*.

#### **Audit Procedure**

668. (i) **General**

- (a) Regulations for the Army Ordnance Services, Chapter II Store Accounting Instructions, Technical Instructions issued by DGOS (as brought out in the list of Books of reference enclosed) and the Army Local Audit Manual Chapter IV Section 4, outline in detail the procedure to be followed in the Ordnance Depot relating to receipt / issues, stock taking, accounting and internal audit thereof. These should be studied carefully.
- (b) At the commencement of audit, DGOS Statistical Summary being prepared by S&M Branch of COD should be studied carefully. This DGOS Statistical Summary gives an insight knowledge of all the functional activities of COD like demands received, items issued, receipt details with tonnage of stores, receipts from foreign countries, vouchers remaining unlinked, stock-taking position, surplus / deficiency details, discrepancies in issues / receipts, manpower position (service personnel and civilian personnel), overtime, provision review details indicating inability percentage, direct / local/cash purchases, depot holdings with surplus details, disposal details with number of stores, tonnage, book-value of stores, details of covered accommodation, extent of their utilisation and open space accommodation etc. A careful study of DGOS Statistical summary would help in identifying potential cases for further audit investigation. For example, stores shown as surplus should be examined further with reference to connected Provision Review Forms to see whether there was any case of over-provisioning, or over-stocking of stores. Details of tonnage held / handled should be analysed to justify the extent of manpower utilisation in the Depot.
- (c) In addition, information comments contained in the reports of MGs AOC

on their inspection of Ordnance Depots as envisaged in Para 8 of Regulations for AOS Part I and reports rendered in respect of discrepancy reports should be usefully utilised.

(ii) Points to be seen while auditing various branches / different areas of activity are indicated below:

**(a) Local Purchase**

DGOS Technical Instruction No.014 deals with the local purchase procedure by Army Ordnance Corps. In addition to the audit checks mentioned in Para 518 of Chapter 27, local purchase transactions should be checked to ensure that:

1. the procedure prescribed for local purchase to be resorted to had been adhered and sanction of CFA had been obtained;
2. local purchases are resorted to only through the Tender Purchase Committees where applicable as per provision of Government letter No. F 5(3)/79/D(0-I)dt. 26.7.80 as amended by even No. dated 17.10.83;
3. Quality Assurance Estt.is associated in finalising specification;
4. in respect of stores procured from list of exclusive items to be purchased directly by Defence, the Central Purchase agencies are consulted to ensure reasonable ness of rates;
5. fresh financial concurrence of the competent authority is taken whenever variations due to increase in price become necessary.  
(DG OS No. A/15049/Pc.224/OS-10 B dated 30/31.5.88 and 01810/E/OS-10B(ii) dated 31.5.77)
6. stores locally purchased are properly utilised in time;
7. local purchase rates are not in great variance with central purchase rates;
8. Unit Local Purchase Orders (ULPOs) are supported by Non-Availability (NA) Certificates;
9. repeat orders are placed wherever necessary to achieve utmost economy in procurement of stores;
10. reasons for resorting to frequent local purchases should be analysed to find out the reasons for non-procurement thereof based on provisioning action / review.

**(b) Depot Accounts Branch**

Transactions relating to receipts and issues of stores in a COD are accounted for in Account Cards. These Cards are maintained by Depot Accounts Branch.

1. Separate sets of Account cards are maintained for the following depot stocks:
  - Central Depot or Ordnance Depots own stock

- Disposal stocks held on behalf of Central Depots
- Command 'Pool' of stores
- Surplus stores after declaration to DGOS and
- Disposals as such
- Old pattern. Account cards to be linked with reference to Receipt and Issue Vouchers (LAOs Copies)
  2. Stores in different conditions-i.e., Serviceable, Repairable, Unserviceable and Part Worn Serviceable (PWS) relating to clothing items are held on charge separately;
  3. Doubtful Cards are opened in respect of stores of very technical nature and which cannot be accounted for in any stock group and prompt action is taken within 3 months to condition and identify these stores/items;
  4. the cards are signed by the officer-in-charge of the section in the cage provided for;
  5. all fresh insertions / removals are duly recorded in "Cards added and removed sheets" and are initialled by competent authority;
  6. the opening balance of the new card agrees with the closing balance of the completed card and that the opening balance of the new card has been initialled by the officer-in-charge in token of his verification of the balance carried over;
  7. Account cards relating to items no longer stocked by the depot and obsolete stores which have been removed from the cabinets containing Account Cards are kept separately to be produced for audit when required;
  8. adjustments in stock records permissible under rules are carried out to rectify only bonafide mistakes in the Account Cards which have occurred due to wrong identification /conditioning or incorrect recording.
  9. non-moving items / slow-moving items, specially items of significant value which are in stock for a long period without any indent or issues (reserves will have to be excluded) should be examined to see if these procurements at a substantial outlay could have been avoided by linking with PRFs ;
  10. obsolete / repairable/ defective stores are not kept for a considerable period without any action for their repairs / removal of defects;
  11. stock-verification has been carried out as laid down in the stock-taking procedure (DGOS Technical Instruction No.OO4) and surplus / deficiencies have been investigated properly;
  12. Discrepancy Reports (In and Out), (both Inland DRs and Foreign DRs) are checked to ensure that they are pursued to finality and discrepancies are rectified by way of receipt of correct / short-landed stores / refund of value of discrepant stores / regularisation



- of the losses / damages occurred, if any;
13. it should also be seen that details of stores rejected in Standard checks by the Inspection Authorities are communicated to the suppliers/ procurement agency within the stipulated period and stores found deteriorated within the period of warranty are taken up for replacement / rectification / payment of adequate compensation with the suppliers;
  14. Discrepancy Reports of high value should be selected in audit to see whether any discrepancy was as a result of failure on the part of consignor / consignee or any other agency like Quality Assurance Establishment, Embarkation Headquarters or Carriers by road or rail;
  15. railway claims are checked to ensure that they are priced correctly and are pursued vigorously;
  16. pricing of vouchers is done correctly with reference to latest Priced Vocabulary Rate Lists published by Army HQrs.;
  17. register of losses and loss statements are to be checked with reference to the circumstances leading to the losses and the findings and recommendations of the Court of Inquiry whenever held. Pricing of loss statement are also to be checked;
  18. LAO's audit objections are to be perused to identify areas / aspects for possible audit investigation.

**(c) Control Branch**

1. The correctness of the indents/demands processed by this Branch and connected vouchers should be scrutinised in detail;
2. loan transactions and payment issue transactions are to be checked with reference to relevant authority letters and Priced Vocabulary Rate Lists as amended from time to time. Additional percentage leviable on payment issues have been added wherever necessary;
3. adjustment vouchers initiated are to be critically analysed with reference to relevant authority letters and connected correspondence files;
4. in respect of imported stores, correspondences exchanged by the Depot authorities with Embarkation Headquarters / carriers / Insurance Companies as well as with foreign suppliers through AHQrs. are to be perused.

**(d) Stock taking**

1. The stock taking sheets should be checked with reference to the corresponding serial No. of losses / surplus from the Register of Losses / Surplus respectively and are supported by Discrepancy Reports together with the remedial action taken to prevent recurrence;
2. stock taking has been carried out as it falls due and the staff

- actually verifying the stock is independent of the staff responsible for the physical custody of stock or keeping the accounts thereof;
3. the system adopted is adequate and proper;
  4. the results are recorded in the Ledger / Account cards and other documents by a responsible officer under his dated initials;
  5. all the discrepancies detected are properly investigated and that surplus found have been taken on charge and the deficiencies have been regularised. In particular, the surplus / deficiencies in respect of similar items are adjusted / set off only against each other and they are linked with the original receipt/issue vouchers. The discrepancies in respect of clothing articles that are accounted for by sizes are adjusted by transfer vouchers and no Loss Statements prepared. But the change in condition discovered in clothing stores transferred from one AOC establishment to another are always adjusted by Loss Statements only;
  6. the voucher received (and binned) prior to the date of stock-taking have not been brought into the balance after stock-taking.

**(e) Surplus and disposals**

DGOS Technical Instruction 010 deals with the procedure for disposal of stores. The points to be seen in audit are:

1. In respect of stores rendered surplus on being declared obsolete due to change in equipment policy, ensure whether any indent(s) had already been placed based on previous provisioning review and if so, the possibility of cancelling such indent(s) on receipt of change in equipment policy was explored. If not, all such surplus should be investigated and commented;
2. whether surplus are the outcome of mixing up of the special and adhoc issues with normal issues germinating inflation of the maintenance figure based on which initial provisioning / procurement are done;
3. in respect of newly introduced equipments, see that the spares procured for such equipments based on the Initial Stock Guide (ISG) or Manufacturers Recommended List of Spares (MRLS) are not rendered surplus because the ISG or MRLS are on the higher side as compared to the actual wastage. This can be done by comparison of Provision figure and Issues shown in the respective Account cards of the new equipment;
4. delay in the disposal of stores declared surplus may give rise to pilferage or theft. This should therefore, be specifically examined in respect of such stores having retrievable and attractive components like silver, copper etc. Disposal of salvage store is made with reference to procedure prescribed in Govt. of India Min of Def letter No. B(2)/89/D(W. II) dated 10.11.89 ;
5. sale accounts / sale deeds are checked to verify the realisation of sale value vis-a-vis correct fixation of Reserve Price and

acceptance of bids. It should also be seen that auction had been adequately publicised ;

6. disposal of stores by Special Surplus Stores Disposal Committees constituted under Govt. of India, Ministry of Defence letter No.A-12016/1/91/D(Estt.I)/Gr.1 dated 24.7.91 should be examined to ascertain how the special committee had been able to dispose of unwanted stores effectively to the best advantage of the State.

**(f) Returned Stores Sub-Depot**

1. Stores rendered either repairable or surplus to the requirements of the units, surplus due to disbandment of units and stores on becoming obsolete are returned by units/formations to the concerned Ordnance Depot. Such stores are received by Returned Store Sub-Depot (RSSD) of the COD. The RSSDs have their own workshops for carrying out repairs-not major in nature-to the stores received in Repairable condition from units / formations / Sub-Depots. Major repairs are carried but by EME (Army Base Workshops). RSSD is responsible for:
  - A) receiving, sorting, conditioning and disposal of returned Ordnance stores of all types except the following:
    - Ammunition and Explosives
    - Ammunition empties - Ammunition packages
    - Vehicles assemblies
  - B) carrying out repairs to all non-technical stores, preservation of stores requiring such treatment within the capacity of RSSD;
  - C) arrange with EME for initial conditioning of all such items which are of EME repair responsibility;
  - D) forwarding of all serviceable stores to Sub-Depot concerned holding such stores for re-issue;
  - E) holding of repairable stores until called for repairs either by RSSD Workshop or by EME workshop or on declaring surplus by the appropriate provision authorities passing on them to Disposal Sub-depot / Group for eventual disposal;
  - F) manufacture (in its workshop) of items authorised by the Commandant of the Ordnance Depot or by higher authorities;
  - G) diverting of all unserviceable and unwanted repairable stores to salvage Sub-Depot;
  - H) repairing *of* those items of QM stores of the depot which are within the repair capacity of RSSD Workshop.
2. In the audit of RSSD the following checks should be exercised to ensure that:
  - A) stores received, in the first instance are taken on charge as conditioned followed by normal accounting procedure of receipts and issues;
  - B) stores after conditioning are written off charge from the column

'Awaiting condition' in the Account Cards and identical quantity / number brought on charge as serviceable / repairable / unserviceable in the respective column of the Account Card;

- C) unserviceable stores of all types and repairable stores which are surplus to requirements after conditioning are passed on to Salvage Section / Sub-Depot on the relevant conditioning form';
  - D) the repair of stores carried out by RSSD Workshop within its capacity and responsibility are regulated by the use of Job-Cards allotting serial numbers from a Register maintained for this purpose;
  - E) stores sent to RSSD workshop for repair are not struck off charge from the account card until received back, duly repaired. When received back after repairs, the stores are struck off charge from the Repairable column and taken on charge as serviceable. Such, unserviceable stores are struck off charge on transfer to Salvage Section on the same job card;
  - F) prompt action, by reporting the matter to Army HQrs. has been taken in respect of accumulated returned stores which are awaiting repair in RSSD Workshop for a period of more than 2 months with no prospects of getting them repaired;
  - G) all the stores issued to contractors for repairs are received back and there are no outstanding;
  - H) stores issued to contractors for repair and those received back duly repaired are struck off and taken on charge in the relevant account card and entries made to this effect in the Contractors Register of Repairable Stores by Repairable Stores Disposal Section;
  - I) receipted copy of Completion notice on which the manufactured stores are sent to the stock Sub-Depot has been received from the depot and the stores are taken on charge by the receiving stock depot;
  - J) work orders for the manufacture of stores are authorised by the Commandant / COO/ OO;
  - K) stores issued on expense vouchers are correctly charged off in the relevant account cards and taken on charge in the Register of Expendable stores maintained by each workshop. The stores shown as consumed agree with those shown in the relevant cards;
  - L) conditioning of such stores which are received as doubtful is done expeditiously as the delay in conditioning affects the otherwise utility of such stores, repair / overhaul programme of equipment;
  - M) a test check of job cards in the work shop of RSSD is carried out ,to see that the jobs undertaken are completed in time or not. In the event of latter reasons for the holdup / slippages should be examined to identify the exact bottle-neck for possible comments.
3. Return of Issues of stores on loan / hire are watched by the RSSD through the medium of Registers for hire loan maintained by the Sub Section as indicated in the Regulations for the AOC Part II and Chapter II of SAI and Appendices III and IV thereto.

**(g) Loan Transactions**

The points to be seen in audit of these transactions are:

1. loan issues are authorised and sanctioned by the competent authorities mentioned in Regulations and Government letters;
2. the stores charged off from the stock record agree with those shown on issue vouchers marked 'issues on loan';
3. the stores issued on loan have been correctly entered in the loan register and through this register return of the store is watched by RSSD;
4. loan issues are returned at the termination of the sanctioned period, and in cases where the return of these stores has been unduly delayed sanction for the subsequent period is to be looked for (The loan period commences from the date of stores, vehicles are despatched by the depots or delivered in the case of local delivery or collection, the period expires on the date the stores are despatched or delivered by units to Ordnance. The transit period for the return journey does not count for computing loan period);
5. losses and repair charges to the stores issued on loan due to fair, wear and tear have been dealt with in accordance with the provisions in FR Part I;
6. sanction of competent authority exists for transfer of such stores to another unit;
7. the issues of A.O.C. stores on temporary loan to local government, civil authorities and others not administered by the Ministry of Defence have been governed by the following conditions and rules:
  - A) The cost of packing and freight in both directions has been borne by the indenter. ,
  - B) Losses due to change in condition, whether due to fair wear and tear or otherwise have been charged against the user of the stores when the stores are returned to the AOC.s
  - C) Full value of the stores has been charged against the department if the stores issued on loan were not returned within the sanctioned period. It should be ensured that the latest rates prevalent at the time of the loan issues are converted into payment issues and are charged against the parties concerned.
8. In case of conversion of loan issue to units into free issue / payment issue, such transaction is supported by the number and date of intimation issued by the issuing depot and the copy of such intimation has also been forwarded to LAO;
9. the issue of samples to contractors/ private firms to help/guide manufacture of articles should be treated as on loan and their return should be watched. through 'Loan Register'. Similarly, issue of sample to Development Wing. Ministry of Commerce and Industry

should be treated as on loan and return should be watched through Loan Register (RSSD of the Depots maintain Loan Issue Register).

**(h) Hire Transactions**

1. In regard to stores issued on hire for which hire charges are recoverable, it should be ensured that action has been taken by the depot to watch recovery of hire charges periodically. In the case of issues to officers of the Defence Services, the pay accounting authorities will be intimated the hire charges recoverable and their acknowledgements obtained and recorded. For issues to Civil Departments, the CDA of the issuing depot will be furnished with details for raising necessary debits against the Civil Accountant General concerned. In regard to issues to private bodies or persons the depot will be responsible for realising the hire charges and for submitting the treasury receipts to the CDA through the Local Audit Office. A register as mentioned below of the issues is, therefore, maintained and RSSD of the parent depot is to watch the recovery of hire charges and for the return of the stores on termination of the hire period:

- A) Register for 'hire issues' where recovery is to be made by the regional CDA or pay authorities.
- B) Another register where hire charges are to be recovered by the depot authorities.

2. The store issued on hire, when returned will be inspected and a statement of deficiencies / damages with details of the cost of repairs required to put back the stores in serviceable condition made out by the depot. It should be seen in such cases that necessary action has been taken by the depot authorities for the recovery of the cost of the repair from the hirer. The procedure for the recovery in this regard will be then same as for hire charges. While assessing the amount of loss/deficiency to be recovered, the provisions of Rule 16 sub-para of the Tentage Regulations (1939) and paragraph 89 of Equipment Regulations (1965 edition) will be taken into account. In the case of Local Governments and others not administered by the Ministry of Defence the cost of packing and freight (both directions) will be borne by the Indentor.

**(i) Salvage Section / Sub Depot**

1. All unserviceable stores including metal scrap not required by Ordnance Factories, barring small arms and ammunitions and explosives, are received in the Salvage Section / Sub-Depot of CODs. This Section / Sub-Depot is responsible for not only receipt and storage of such stores but also for accounting, breakage and final disposal of small value except:

- A) small arms, machine guns and components thereof and
- B) ammunition and explosives including drill and dummies.

2. The salvage stores are issued to Army, Navy and Air Force units /

establishments without any financial adjustment. Salvage stores are also disposed of with the approval of DGOS by transfer to Ordnance Factories, Military Farms, Military Land and Cantonments, MES, Railways, P&T and other Government departments etc.

3. Detailed instructions are contained in DGOS Technical Instructions No.010

4. In the audit of Salvage Section / Sub-Depot the following points should be looked into:

- A) stores received are taken on charge as per the Heading endorsed on the vouchers;
- B) Valuable stocks (blankets and sheets) are taken on charge both by quantity and weight under generic heads. It should be specially seen that the quantity actually received is brought on charge and not that quantity vouchered and variation between the quantity vouchered and actually received should be linked with claims on Railways, if any;
- C) stores received are grouped in a rational manner consistent with similarity and utility of the items, and are accorded the same treatment as for serviceable surplus stores;
- D) the number, quantity and nomenclature of stores charged off from stock records (Account cards/ ledgers) are the same as shown in Sale Release Orders / Sale Accounts.

**j) Depot Workshop**

Work Orders including payment work orders should be checked in audit with reference to their necessity and correct pricing for adjustments.

**(k) 'M' Sub-Depot**

Expenses Stores Ledgers and Articles - in Use Ledgers should be checked with reference to the justification for issue of materials.

**(l) Other important points to be looked into:**

- 1. Work Orders for manufacture of spares/stores for stock are placed on Army Base Workshops as per procedure prescribed in AHQ MGO's Branch No. A/04862/0S-10B dated 30.4.77. The work orders so placed should be examined to find out whether such spares/stores had been manufactured. In the event of delay the reasons for such delay should be examined to ascertain the effect on non-availability thereof in the repair/over-haul programme in Army Base Workshops and at users end if due for issues to them.
- 2. Equipments / stores held in repairable state since receipt particularly in respect of imported items should be examined in detail to highlight delays in repair and non-utilisation of the equipments / stores for intended purpose in the Report of the C&AG.

3. Cases of procurement relating to Equipments/ Systems received from abroad requiring functional test trial in India should be scrutinised to ascertain:
  - A) Whether the supplies had been effected as per terms agreement.
  - B) Whether the functional test trials had been carried out as specified and if not the reasons therefor.
  - C) Whether the delay in carrying out the functional test trials had any effect in the operation of the warranty clause.
4. With increasing emphasis on indigenisation, indents are placed on Public Sector units for supply of equipments and stores based on recommendations of various technical committees. Such indents call for 'on account payments'. Details of such indents, placed should be scrutinised to see:
  - A) materialisation of supplies as indented against prescribed PDC;
  - B) extent of advances remaining unadjusted due to delay / failure in supply and the period involved;
  - C) effect of such delay from the users end;
  - D) increase in procurement cost, if any, as a result of delay.
5. Stores issued to Army Base Workshops for fitment/use in repair/overhaul programme but back loaded by them due to defects should be examined to ascertain how such supplies came to be accepted and the financial repercussions arising as a result.
6. Items of stores received but not properly accounted, for want of details of nomenclature should be analysed to find out the reasons therefore, the extent of such items remaining unaccounted and the period involved together with value thereof, if available.

**(m) Finance and Establishment Sections**

Check Rolls for temporary labourers and industrial establishment bills. ;

- 1) Besides normal checks laid down in Army Local Audit Manual Part-I and Chapter 28 of Manual of Audit Department, DS, it should be seen that industrial establishment is not employed in excess of actual requirements. It is difficult to lay down formula to ascertain the 'actual requirements' of a particular organisation. These can be ascertained by comparative study of check rolls for the corresponding periods of the last few years and other known relevant variable factors, viz tonnage handled vis-a-vis number of labourers employed during a year.
- 2) Industrial establishment is to be reviewed periodically by the Depot Manpower Committee and establishment is increased or decreased depending on the prevailing work-load. It should be ensured in audit, by examining two or three such reviews that the norms for working out the requirement of industrial establishment and labourers for the depot are identical.



**(n) Non-receipt of receipt & copies of issue vouchers**

Reports rendered by LAO attached to the Depots to Controllers of Defence Accounts for inclusion in the Appropriation Accounts, Defence Services as also the documents maintained by the Control Branch of the Depot should be examined to find out how many receipted copies of issue vouchers have not been received, for how long and whether special linking by the consignee LAO has been proposed by the LAO at consignor's end. All such issue vouchers under which costly, attractive or marketable stores were issued and for which receipted copies have not been received from the consignors should be specially selected for examination in Audit, relevant documents maintained in Traffic Branch and at the Gate should simultaneously be scrutinised. Here, examination of cases of non-receipted copies of issue vouchers from one sub-depot to other sub-depot of the very COD cannot be over emphasised. Instances had come to notice of Audit where non-receipt of the receipted copies of vouchers between sub-depots proved ultimately to be cases of pilferages.

**(o) Improper Storage Condition**

There are certain items of stores/spares stocked in COD/ODs which have limited period of shelf life. The life of such stores are further reduced if these are not stored in proper storage condition. For example there are some items of batteries / tyres / tubes which are required necessarily to be stored in controlled temperature condition to ensure that proper storage accommodation is made available to the CODs/ODs before such stores are received in the Depots. Apart from normal stores audit, therefore, audit parties should examine papers/board proceedings, (available in Admin Branch, EX-Br.) relating to Works Services, excluding married accommodation initiated by the Depot as well as the outcome of such initiation / demands. This should be examined from the stand point of performance audit with reference to scales authorised (as per Regulations for AOS) for the tonnage held to find out whether the accommodation as authorised is available or wasted by holding unwanted store. The reports available with the stores preservation section should also concurrently be scrutinised. Depending upon the outcome of such scrutiny, it will be important to examine whether such stores as might have been affected due to want of proper storage accommodation had been sent/are proposed to be sent to workshop for repair and rectification. And, if so, what was the expenditure incurred on such repairs.

**(p) Loss due to fire:**

- 1) A court of inquiry is assembled whenever a fire, explosion or similar occurrence, involving the destruction of public property, takes place. Officers on the strength or attached to the unit affected are not detailed as members of the Court of Inquiry. In the case of outbreak of fire in stock holding depots, however, an officer from a similar depot is detailed as one of the members of the Court of Inquiry.

- 2) In cases of losses due to outbreak of fire in the depots the findings and recommendations, are to be examined especially, in regard to ;
- A. the origin of the fire;
  - B. the length of time between the discovery of the fire and sounding of the alarm;
  - C. Whether there are any failure as regards water supply or the working of the fire appliances or lapses in following prescribed procedures for stocking, handling of inflammable items of stores.,
- (q) Public Fund Cash Accounts and related documents maintained by Finance Section and Company Commander, Military Establishment in respect of JCOs/ORs Ration Accounts, Store Accounts maintained by 'Q' Branch, MT Accounts maintained by Traffic Branch and Railway. Warrants, concession vouchers, Library Accounts maintained by Headquarters Branch and Military -Credit Notes maintained by Traffic Branch would be audited as indicated in Chapter 28.

### **Section 'B'**

#### **Ammunition Depots**

669. (i) Directorate General of Ordnance Services takes care to provide for stocks and issue of ammunition ensuring that both training and operations do not suffer for want of it.

(ii) Ammunition Stores are a major component for logistic stores which are required by the troops carrying out successful operations

| <b>Types of Ammunition</b>  |  |
|-----------------------------|--|
| (a) 1. Training Ammunition: | Authorised on per man/per weapon basis.  |
| 2. Unit Ammunition          |  |
| A) First Line:              | One man /weapon for immediate use  |
| B) Second Line:-            | Carried with unit second line transport echelon for replenishment of the first line ammunition.                  |
| (b) Reserves                | Command General Staff reserve, Army HQrs. Reserve  |
| (c) Special Requirements    | Defence Bricks holds ammunition items for use in specified theatre of operations depending upon the terrain etc. |

(iii) The training requirements of troops are met through provision against special liability of training ammunition. The ammunition holding units will ensure that first and second line scales of ammunition held by the units and formations are complete at all times and the training requirements of ammunition are placed with them before commencement of the training cycles.

(iv) Central Ammunition Depot, Pulgaon deals with Ammunition, explosives

and NES items and has functions similar to CAD. Provisions and supply of ammunition and explosives are made centrally at Directorate General of Ordnance Services. CAD Pulgaon deals with provisioning of Non-explosive Stores items. Organisation chart of CAD is placed in Appendix III.

### **Role of Ammunition Depots**

**670.** Ammunition Depots are responsible:

(i) to receive and hold Ammunition and explosives from Ordnance Factories, other depots and overseas supply agencies.

(ii) to store, maintain, inspect and carry out repairs, break downs and demolition of ammunition and non-explosive stores as the case may be ;

(iii) to issue ammunition and non-explosive store to other Ammunition Depots, Army Units, TA Units and Civil Police;

(iv) to carry out proof and trial of the ammunition held by the depot as well as on behalf of other depots and ordered by Army Headquarters;

(v) any other similar duties entrusted to Ammunition Depot by Army Headquarters;

**671.** The receipt of ammunition by transfer from other Depots and Ordnance Factories is based on orders issued by Army Headquarters while receipts from sources abroad or otherwise are based on contracts concluded or orders placed. Issues to units for practice, training etc., are based on indents placed by the units and after scrutiny by the Depots with reference to scales. In addition, restriction lists are issued by Army Headquarters, Command Headquarters etc., segregating certain lots of ammunition based on accident reports, subject to further action based on investigation / rectification / repair or down gradation as unserviceable if investigation and sentencing necessitate such action.

**672.** Unserviceable ammunition has to be disposed of after due mutilation.

**673.** Organisational set up of Ammunition Depots follow the same pattern as that of Ordnance Depots and have same sections that function in Ordnance Depots. Ammunition Technical Area and Returned Empties and Ammunition Area are specific sections that function in Ammunition Depots.

**674.** Duties of the sections with specific role as for an Ammunition Depot are given below:

#### **(i) Executive Branch**

Co-ordinates and has control over the following functions:

(a) storage of ammunition / explosives in accordance with Magazine Regulations / Storage Regulations;

(b) storage deviations;

(c) budgetting and expenditure of A-in-U Monetary Grant;

(d) departmental training and amendments of technical publications;

(e) responsible for the efficient functioning of the following Groups / Branches ;

1. Control Branch
2. Traffic Branch
3. Depot Accounts / Stock taking office
4. Expense Stores Group
5. Ammunition Technical Area
6. Returned Empties and Ammunition Area
7. All Ammunition Areas

(f) deals with all technical activities;

(g) disposal of all surplus stores / salvage stores;

(h) monitoring and progressing of audit objections of Executive side.

**(ii) Control Branch**

Deals with all issue and receipt of ammunition, maintenance of Batch / Lot cards, summary cards, preparation of LWOs, IMSs, DRSs, ISCs / IVRs, Proof Test Sheets, Adjustment Transfer Vouchers, Dues out Cards, scrutiny of the unit demands against forecast requirements; submission of inability reports, provision review of components for repairs of ammunition, maintenance of unit pad, preparation of MRO for payment issues and scheduling of No. 3 & 5 copies of issue voucher to LAO.

**(iii) Traffic Branch**

Deals with all despatches and receipts of stores, maintenance of RR Register, wagon register, Issue Progress register and Daily Receipt of Stores Register. Delivery of consignments received without RR is taken on Indemnity Bond. Delivery of piece consignments from railway, provisional claims, initiate discrepancy report against consignors in case of short delivery of packages. Demand escort parties / conducting parties for despatching of ammunition / explosives/ WP ammunition, preparation of Military Credit Notes and their safe custody, progressing of receipted copy of Convoy Notes, preparation of wagon loading programme and forwarding of Out Rep to consignee after despatch of wagon.

**(iv) Depot Accounts and stock taking office**

Registration and progressing of issue / receipt discrepancies, preparation and submission of skeleton list of all the adjustment documents to LAO, submission of programme and stock taking sheets of all non-ammunition items to LAO, maintenance and registration of losses, surplus and railway claims, pricing of loss statement, report on losses and surplus, checking of postings in ledgers, Court of Inquiry to be conducted in case of premature downgradation of ammunition, settlement of audit objections / observations and its progress action pertaining to stores groups / branches. Pre-stock location check for all items are to be carried out as per programme including A-in-U items, reconciliation of items wherever the discrepancies are noticed, results of physical check with Ammunition Areas are vetted with SDR/SL Cards, and preparation and progress of ammunition location amendment slip.

**(v) Expense Store Group**

Deals with A-in-U and NES items, accounting, provisioning of NES, A-in-U and technical tools and dealing with their receipt / issue / controlling and progressing, issue and receipt of Expendable and Non- expendable items to Groups / Branches, provision review and preservation of Non Explosive Stores.

**(vi) Ammunition Technical Area**

Deals with maintenance of Laboratory Work Order Register and watching progress against LWOs; submission of IAFO- 2710 (Amn. Insp Report) to Army Headquarters for confirmation of sentences; maintenance of components provision ledger; preparation of demands for NES, explosive stores and empties required for LWOs; receipt and accounting of all technical publications; Transcribing Group selection and proof results on all copies of proof Test Sheets. Also deals with receipt, storage and issue of samples for proof test; carry out repairs of ammunition, breakdown, demolition and burning; preparation of change of components sheet; sorting out of recoveries to find out blinds; despatch recoveries to RE & AA for their disposal; carry out demolition of unserviceable ammunition at demolition ground.

**(vii) Returned Empties and Ammunition Area**

RE & AA is designed to receive units returned ammunition and empties, inspect them, store for the intervening period and disposal of live and empties to Ammunition Areas and Ordnance Factories, depots and units. All new receipts are checked after extraction of FCCs from the boxes and shifted to respective box area / sheds after inspection for eventual disposal. RE & AA also carries out 100% counting and 100% inspection of all returned empties by opening each empty box / cylinder to ensure that they are free from explosives. This process is to be repeated at the time of receipt and issue. Further all returned ammunition is to be inspected for its condition. This Area is having the following additional tasks:

- (a) Crushing of SAA Cartridges with Crushing machine
- (b) Separating bandoliers and chargers and disposing them according to existing instructions on the subject.
- (c) Intimating salvage arising for auction / disposal.

**(viii) Sub Depots**

The general activities of all Sub depots are:

- (a) correct storage of ammunition as per Regulations, its maintenance and safe custody;
- (b) maintenance of the store houses and railway platforms;
- (c) taking fire-prevention measures by ensuring proper grass cutting around the explosive store houses, removal of inflammable material and maintenance of fire fighting equipment provided at the fire points;
- (d) receipts and special inspection of issue activities;
- (e) Arms and special inspection ammunition;
- (f) internal movement of ammunition.

**(ix) Security Office / Fire Brigade**

Preparation of duty roster of security JCOs to deal with security passes for depot personnel / contractors; carrying out a percentage check of gate passes (Stores/personnel); police verification of civilian personnel; demanding / issuing of A-in-U Stores, NES and fire fighting items; to watch and check any subversive activities in the depot; general vigilance in and around depot area.

**(x) Yard**

- (a) For cleanliness, grass cutting, sanitation and antimalaria measures in the depot, attending immediate repairs required to depot perimeter until attended by MES.
- (b) The documents maintained by the different sections are similar in nature to Ordnance Depots except that forms used are different as brought out in Para 73 of Store Accounting Instructions.

**Audit Procedure**

**675** (i) Para 229 of Army Local Audit Manual Part I lays down the audit checks exercised in Ammunition Depots. The audit checks applied in test audit in the various sections of the Ordnance Depots as brought out in Section A of this chapter equally apply in respect of corresponding section in Ammunition Depots.

(ii) The points to be looked into during the audit of certain sections as they relate to Ammunition Depots are:

**(a) Control Branch**

- 1. All indents and scales of units should be scrutinised with reference to wastage (WWR) exertia, manoeuvres etc. Trials performance reports in respect of new ammunition/ imported ammunition should be scrutinised.
- 2. Restriction lists are issued by various authorities viz. Army Headquarters, Command Headquarters etc. whenever any accident report is received from the user units in respect of misfiring of certain lots of ammunition. Based on these restriction lists the entire lot of such ammunition is kept segregated till receipt of further orders. Restriction lists regarding downgradation of ammunition as unserviceable/ repairable issued by MGOs Branch & others should be scrutinised to ascertain the reasons for down gradation i.e.
  - A) whether the downgradation is due to manufacturing defect;
  - B) whether the downgradation was within shelf life,
  - C) the period from which such ammunition is lying in depot without any further instruction for disposal. It should be seen that the ammunition included in restricted list but were subsequently found to be serviceable due to lifting of restriction should be carefully analysed.

**(b) Depot Accounts**

Adjustment vouchers for downgradation of ammunition are to be critically scrutinised to see whether there has been any case of large scale downgradation of

ammunition from serviceable to unserviceable, repairable etc. Such cases need scrutiny in depots to ascertain the reason for the change. Discrepancy report, surplus etc., should also be examined. The efficiency of the stock taking procedure should be verified to find out whether it is fool proof enough.

**(c) Traffic branch**

The position of arrears in despatch of stores and delay in clearance of stores received at various sub depots should be analysed. Placing of wagons, payment of shunting charges, railway siding expenditure etc., should be examined.

**(d) Expense Stores Group**

Issues and receipt of expendable and non-expendable item to different branch, preservation of non-explosive stores should be scrutinised.

**(e) Ammunition Technical Area**

1. From Laboratory Work Orders Registers important Work Orders should be selected and examined and cases linked with 'Work Completion Notices' to see that retrievals of Components & metal scrap are taken on charge after break down and burning ammunition. Orders issued for retrieval of components, recovery of metal scrap, issued from time to time may also be referred to.
2. System of requisition and booking of spares and other stores for repairable ammunition should be scrutinised.. The Quarterly repair report should be studied.
3. During examination it should be ensured that no serviceable, repairable ammunition is put for demolition, burning, as break down.
4. Ammunition Inspection Report IAFO2710 submitted to Army Headquarters for confirmation of sentences should be examined.

**(f) Returned Empties and Ammunition Area(RE & AA)**

The inspection report on the returned ammunition may be scrutinised to see the conditions. The disposal procedure of live and empties to ammunition areas, Ordnance Factories, Depots and Units would require to be examined.

(iii) As brought out in para 668(i)(b) of the DGOS statistical summary prepared by Statistical and Methods Branch which provides insight to the various functional activities carried out in the Depot should be studied carefully to identify the potential cases and areas of activities for further audit investigation. The monthly stock return and quarterly stock return should also be studied.

(iv) The specific points to be looked into in addition in test audit of the accounts of Ammunition Depot are:

- (a) Ammunitions / Explosives are received in the Ammunition Depot either from Ordnance Factory or from sources abroad with reference to contracts concluded. Ammunition / Explosives imported that carry specific periods of warranty are required to be examined physically and inspected and check proofed respectively within periods specified as per instructions issued intimating defects to the supplier within the time limits stipulated in the contract agreement. Receipt of such cases and

discrepancy checks had been exercised and there has been no delay in inspection leading to benefit of the warranty clause being lost;

- (b) 1. Cases of downgradation of imported ammunition in storage should be examined in detail to find out whether such downgradation was due to defective provision in the relevant contracts relating to non-provision in the contracts regarding inspection at consignees end by the purchaser and stipulation about the period of manufacture in the relevant contract. Cases, if any noticed should be reported to HOrs. office with full details and financial repercussions involved for further examination.
- 2. Cases of downgradation of imported ammunition due to improper storage conditions or lack of storage facilities, controlled temperature conditions etc. as recommended by manufacturers should also be examined with reference to works services sanctioned and delays, if any involved in executing the same, for being highlighted in the Report of the C&AG - Union Government (Defence Services);
- (c) Cases of ammunition lying in a segregated condition under orders of Army Hqrs. / Command or lying in a condition Requiring Major Repairs (RMJ) based on restriction lists for abnormally long periods as could be ascertained from a study of the quarterly reports rendered by the Depot authorities should be examined with a view to analysing the reasons for segregation, sentencing as RMJ (i.e. whether due to defects in manufacture / sub-standard purchase etc.) and the reasons for the delay on merging the segregated ammunition with the normal stock for issues should be examined critically, if necessary by collecting the cases with substantial financial effect in various Ammunition Depots and getting them examined at Army HOrs, through other Command Officers / Headquarters Office;
- (d) it should also be examined to find out whether in respect of ammunition kept segregated due to defects noticed, whether further lots of the same ammunition had been received with or without modification in design of repairs and whether such lots also are kept segregated for reasons of same defects being noticed and eventual utilisation / disposal of the ammunition should be examined in detail for possible comment in the Report of the C&AG;
- (e) repairs carried out to ammunition / missiles either by supplier / depot after the warranty period should be examined to find out whether such repairs became necessary due to use of components which had completed their life thereby the missiles becoming defective. The use to which such ammunition / missiles were put to should also be examined;
- (f) issues of ammunition should be examined with reference to demands from units against scales authorised for training and whether training was actually held with reference to training programme of units;
- (g) various proof tests held in the depot and its results, comments of the Quality Assurance Organisation on ammunition sent for condemnation and nature of follow up action taken should be studied carefully with a view to highlighting any peculiarities/defects relating to manu-



facture/design/nature of components used and extra expenditure incurred, if any, on fruitful rectification or otherwise;

- (h) various safety measures as prescribed are strictly adhered to;
- (i) issues of ammunition on payment to state services and authorities are priced correctly by LAO as per latest price lists and that no under recoveries arise;
- (j) brass and other non-ferrous scrap not required by DG OF are made available to State Industrial Development Corporation / Small Scale Industries and disposal of other scrap is made based on instructions issued from time to time;
- (k) sale accounts of auctions are scrutinised to ascertain whether they were widely publicised, bids accepted compare with the reserve price fixed;
- (l) utilisation of FOL extent of electricity and water consumed with similar details of previous years vis-a-vis turnovers to reflect on the efficient management of the depot;
- (m) procurement of materials like sand bags etc. for providing traverses and safeguards and utilisation thereof should be examined to find out whether any material procured had not been put to the intended use resulting in disposal thereof with resultant financial repercussions;
- (n) Major works and minor works sanctioned and executed or awaiting execution as well as proposals for works proposed for being undertaken should be examined critically with reference to scales authorised as per Regulations for AOS Part I to ascertain whether the intended purpose had been achieved and in the event of delay the repercussion thereof in the storage of ammunition and temporary measures involving expenditure should be highlighted;
- (o) unit repair books maintained by the Quartermaster should be looked into to find out whether complaint recorded had been attended to by MES without delay.
- (p) land holdings and acquisition proceedings for fresh requirements of lands should be studied critically to ascertain whether such holdings/ proposal for acquisition present any peculiar features.

### **Section 'C'**

#### **Central Vehicle Depots**

**676.** DGOS functioning under the Master General of Ordnance is responsible for provision and supply of all types of vehicles to the Army and common use vehicles to Air Force, Navy and other organisations. Directorate of Vehicles under the DGQA is responsible for the design, development and inspection of new vehicles / chassis (including body work) supplied ex-trade / Ordnance Factories. Vehicles are classified as 'A' 'B' & 'C' types as indicated below:

'A' Vehicles: All armoured fighting vehicles, including tracked artillery equipment, carrier tracked armoured cars, scout cars and completion tracked (normally held in CA FVD)

'B' Vehicles: All lorries, trucks, cars, light and heavy motor cycles, tractors

light and heavy amphibians 21/2 tonnes wheeled.

'C' Vehicles: All mobile cranes and items of engineering plant / earth moving equipments.

**677.** Central Vehicle Depots are responsible for receiving vehicles ex-trade/ Ordnance Factories / on stock transfer from other depots / and those returned by units/ formations. They are responsible for initial issue to units to make up their unit entitlement. They are also responsible for arranging replacement for vehicles evacuated by units for base repairs and to hold the vehicles till they are repaired or disposed of . The bulk of the installation and repair reserve vehicles are maintained by the vehicle depots. Central vehicle depots hold stock of 'A' or 'B' or both 'A' and 'B' vehicles spares peculiar to vehicles, major / minor assemblies, spare parts, tubes and tyres; materials and accessories required for maintenance of plant & machinery and equipment for the repair of vehicles.

**678.** (i) All stocks of 'A' and 'B' vehicles held in Vehicle Depots in classification I to VII are termed as AHQ controlled stock or Command Stocks based on release by AHQ and remain as such until they are issued to units based on orders from AHQ / Commands. In case of emergency, Army Commanders may order issue of vehicles from AHQ controlled stocks subject to covering sanctions being obtained. Class V vehicles held in vehicle depots/ feeding depots other than those covered by discard policy are fed to nominated Army Base Workshops as per Repair Programme issued by DGOS in consultation with DG EME. The vehicles after repairs will be returned to Vehicle Depots and will revert to Army HQrs. controlled stocks.

(ii) Orders for disposal of vehicles in depot stocks will be issued by Army HQrs.

(iii) Detailed procedure regarding holding of stocks, receipts from units, issue to units, release of vehicles, return of Vehicles to Vehicle Depot, accounting of FOL in respect of vehicles returned etc. is outlined in chapter XIII of Mechanical Vehicle Regulations for the Army.

**679.** Central Vehicle Depots function with sections and functions similar to that of Central Ordnance Depot with the addition of kit store group and Technical Maintenance Section.

(i) **Kit stores section:** Kit stores section deals with:

- (a) Receipt, storage, issue, provision, care and preservation of vehicle kits/ equipments and batteries;
- (b) receipt of dekitted kits and batteries from Receipt sub depot and checking of kits against work orders and raising of discrepancy report in respect of ;
- (c) storage and maintenance of items held on charge and to protect them against rust and other damage;
- (d) maintenance of accounts cards / bin cards posting and issue documents;
- (e) carry out regular review of requirement for placing demands on the supplying depots;
- (f) conditioning of unit returned batteries and charging of batteries required for depot use. The accounts are maintained in Kit Stock Account Card (IAFO 2698)

- (ii) The Technical Maintenance Officer will be responsible for:
  - (a) correct maintenance of vehicle at the following stages :
    - 1) before being put in stock
    - 2) while in stock
    - 3) before being fed to Resident inspection,
  - (b) arranging inspection of a percentage of vehicles after these have been maintained;
  - (c) issuing instructions for maintenance;
  - (d) training in maintenance duties;
  - (e) maintenance of service stations and work places;
  - (f) drawing up scales of equipments and tools required for service stations and ensuring adequate provision thereof;
  - (g) conducting work studies on methods of maintenance of vehicles to ensure economic use of manpower, material and equipment;
  - (h) rendition of reports periodically to AHQ.

**680.** An organisational chart of Central Vehicle Depot is enclosed as Annexure IV

**681.** (i) The documents maintained by the different store groups and sections are the same as per CODs with the addition that receipt and issues of vehicles are accounted for in vehicle stock summary and vehicle registers. Entries in these documents are made from daily receipt and issues returns compiled from receipt, issue and adjustment vouchers. The receipt of vehicles are normally from the following sources.

(a) **New Vehicle:** Extrade DGOF and overseas

(b) **Fit Vehicles:**

1. Ex-other vehicle depots /vehicle sub depots
2. Ex-EME Workshops after up gradation by repairs
3. Ex-units when no longer required

(c) **Repairable vehicles:**

1. Ex-units
2. Ex-EME Workshops returned unrepaired/downgraded.

(ii) A self contained, self administered depot workshop is attached to each vehicle depot to maintain the serviceable vehicles in fit condition.

### **Audit Procedure**

**682.** (i) Regulation *for* the AOS Parts I & II Mechanical Vehicle Regulations for the Army, Paras 54 to 72A of Store Accounting Instructions, Section 4. Chapter IV Army Local Audit Manual Part I Chapter IX Army Local Audit Manual Part II, and pamphlets issued by DGOS as Technical Instructions detailing various procedures to be followed should be studied carefully.

(ii) The audit checks that apply in respect of cash accounts, Industrial labour payments, MT Accounts, various accounts relating to Military Establishment maintained by Company Commander /Quarter Master, the accounts and documents maintained by different sections viz. Depot Accounts Branch, HQrs. Section,

Control Group, Statistical and Methods Branch, Executive Branch as in Ordnance Depots equally apply to Vehicle Depot.

**(iii) Kit stores**

The procedure to be followed by kit stores section is detailed in DG OS Technical Instruction No.108 (Issue 3). During the test audit of the accounts maintained by kit stores section the points to be seen are:

(a) The kit accompanying vehicles taken up from vehicles and received in kit stores section are accounted for in the same account cards according to conditions thereof (i.e.) serviceable / repairable / unserviceable / doubtful;

(b) stores initially conditioned doubtful are finally conditioned within a month;

(c) repairable / unserviceable items are sent to RSSD /Salvage as the case may be;

(d) distribution of batteries has been reflected in the Account Cards;

(e) holding of batteries compares with the holdings of vehicles ;and

(f) batteries are held in serviceable condition duly charged.

(iv) The specific points to be looked into during the audit of vehicle depots in addition are:

(a) DG OS Statistical summary prepared by Statistical Methods Branch which provides information about the various functional activities of the depot should be studied to identify potential cases and areas of activities, for detailed examination in audit. CAFVD / CVD/ Vehicles sub depot render periodical reports as indicated below. These reports should be scrutinised for possible comments.

1. Stock availability report of Fit. 'B' vehicle /Trailors (AHQ stock)
2. Progress on stock transfer orders fit/ repairable 'B' Vehicles
3. Progress reports on outstanding issue orders / stock transfer orders of 'A' - Vehicles
4. Report on outstanding / issue Orders of 'B' Vehicles
5. Availability State of AFVS
6. Progress statement in respect of Ordnance stores
7. Reports rendered by the Technical Maintenance Officer

In addition the information and comments contained in the reports rendered by MGs AOC to DG OS based on the inspection of the Depots as envisaged in Para 8 Regulations for AOS Part I (1986) and Inspection Reports rendered with reference to Para 141 of the Mechanical Vehicle Regulations should be made use of.

(b) Holdings of chassis in the Vehicle Depots without issue for long time should be examined to ascertain the reasons therefor.

(c) 1) Vehicles in repairable condition i.e. class V are got repaired by Army Base Workshop as per Repair programme drawn by Army HQrs., DGOS in consultation with DGEME. The procedure to be followed in

this regard is indicated in Section I and Section III of DGOS / Technical Instruction No.11.1 - "Repair of vehicles" (Issue 2 1989 edition). Vehicles due for repairs are to be moved to the depots which are nearest to Army Base Workshops nominated to carry out the repairs and retransferred under orders of AHQ. It should be examined whether the procedure prescribed had been followed properly. Action taken from the time of receipt of repair programme to the time the repairable vehicles are fed to Base Workshops for repairs should be examined carefully to identify delays, if any, in earmarking stock in Vehicle Depots or in receipt of 'calling in' notices from workshops. Feeding pattern, percentage of demands met, percentage of repairables continuing to remain in the Vehicle Depot should be studied for possible comment.

2. It should be examined whether in feeding repairable vehicles to Army Base Workshops, the vehicles so fed should have been sent to any other depot nearest to the Base Workshops and whether in the process any extra expenditure had been incurred in transportation due to incorrect routing. The extent of extra expenditure should be quantified for possible comment in the Report of CAG.
  3. Sometimes chassis of vehicles are held to stock in Vehicle Depots for fabrication, as required, based on approved body building programme formulated by DGOS in consultation with DGEME in Army Base Workshops. Normally chassis are held in stock in the Depot nearest to the Base Workshop where fabrication work is to be undertaken. However in actual practice, the fabrication programmes undergo changes for various reasons viz. (aa) timelag in procurement of materials for fabrication (bb) changed commitments in Army Base Workshops etc. resulting in chassis shuttling between depots with consequent avoidable expenditure on transportation. Cases of this nature should be examined critically to ascertain the financial repercussions as indicated below so that the same can be highlighted in the Report of the CAG-Union Govt.(Defence Services).
    - A) Expenditure involved in transportation of chassis between depots due to shuttling, arising as a result of changes /diversion in fabrication programme.
    - B) Expenditure incurred in rectification of defects / deterioration of components of chassis in storage.
    - C) Expenditure incurred in preservation and maintenance and
    - D) Expenditure incurred on transportation and other allowances of personnel deputed to provide escort.
  4. Cases noticed should also be reported with full details to HQrs. office for further examination of repercussions in not making available fabricated vehicles as programmed with reference to users requirement.
- (d) Repair of stock vehicles in Class I to IV condition is the responsibility of EME Workshop attached to the Vehicle Depot. The procedure to be followed in carrying out repairs by the Depot Workshop is indicated in

Section II of Repair of Vehicle Procedure detailed in DGOS Tech. Inst. 111 (Issue 2 - 1989 edition). It should be ensured that the procedure prescribed had been followed and that there is no substantial holdings of vehicles requiring upgradation in condition. Classification of vehicles received ex- trade and repairs, if any, carried out to such vehicles to upgrade them to Class I condition should be examined to find out whether such repairs could be viewed as reasonable.

- (e) The periods for which the vehicles remain in Base Workshops / Depot Workshops should be looked into to find out whether they are held awaiting repairs / fabrication for unduly long periods.
- (f) Chassis / Vehicles are sometimes issued on loan to private firms for fabrication / modification as per contracts / A Ts placed on such firms by Department of Defence Production and Supplies / DGS&D as per delivery schedules indicated thereunder. It should be ensured that such chassis / vehicles issued are returned on completion of fabrication / modification work as per delivery schedule and that adequate security is available in the form of bank guarantees or otherwise for vehicles issued on loan.
- (g) Holdings of vehicles returned from units for unduly long periods without being considered for repairs should be looked into for possible comments/ further examination in Service Headquarters, as this involves recurring expenditure on maintenance and use of storage spaces apart from possibilities of fresh procurement.
- (h) A) Vehicles used by Services are governed by discard policies with reference to orders issued by Govt. from time to time, whereunder vehicles which have remained in service for prescribed period of time or running of prescribed kilometers run are automatically considered for discard. Vehicles held in the Depots under discard policy should be scrutinised to see whether they satisfy the conditions prescribed and details of vehicles discarded merely based on period it had remained in service without any significant run, if considerable should be collected for possible comments.  
B) Vehicles discarded without the conditions being satisfied should be examined to find out how such vehicles have been discarded.  
C) Inspection Reports of EME, authorities available with log books in respect of vehicles returned by units should be examined to ascertain the reasons for down gradation and whether such down gradation could be attributed to improper handling. When a vehicle covered by discard policy is required to be classified as Class V before completion of laid down condition for discard the reasons for premature discard are to be investigated by a board of officers as per AO 10/68. The board proceedings should be studied.  
D) Down gradation of vehicles in storage in the depots should be examined to ascertain whether such downgradation was due to improper maintenance.
- (i) Vehicles held awaiting disposal are disposed of as per DGOS Tech. Instruction on Disposal of vehicles surplus to Army requirement and such auction are duly publicised.

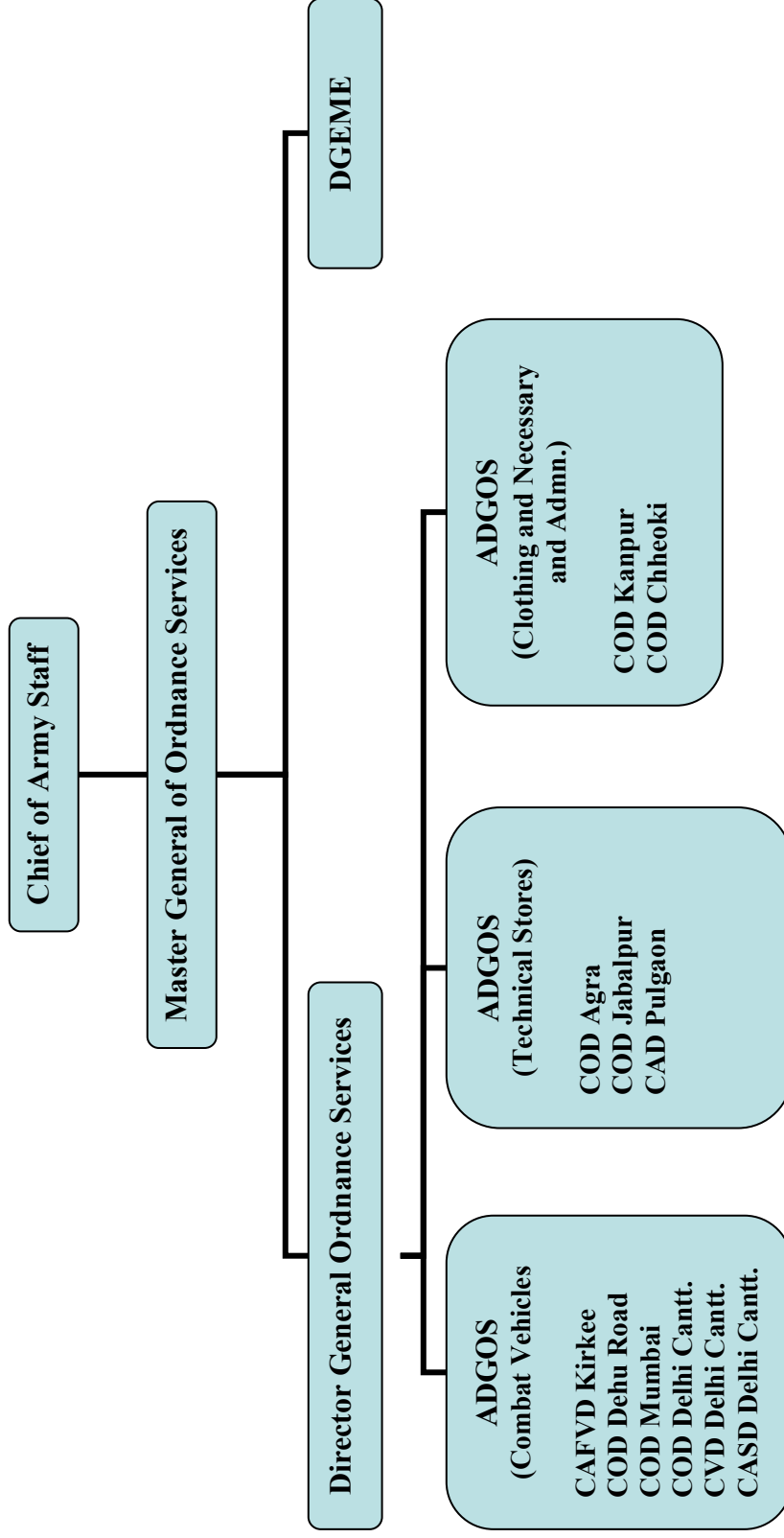
- (j) In respect of stores purchased from foreign countries with reference to special contracts concluded by Government it should be ensured that Discrepancy Reports where arising are raised promptly and defect reports on stores brought to notice of appropriate authorities as per instructions issued by Government from time to time.
- (k) Consumption pattern of FOL with reference to number of vehicles held should be examined by comparison with previous year for possible comments. Similarly consumption pattern of electric energy and water should be studied.
- (l) Service Personnel attached to the Depot from time to time for delivery of inward receipts of vehicles and personnel detailed for outward delivery of vehicles should be scrutinised to find out whether such attachment involve period longer than necessary.
- (m) Para 229 and 251 of Regulations for AOS Part 1(1986 Edition) lays down the extent of storage accommodation to be provided and the special accommodation factors to be provided respectively in respect of vehicle depots. The availability of accommodation against holdings, proposals of works services sanctioned / initiated and delay in execution of the work services with resultant effect on the conditions of holdings should be examined for possible comments, if any.

### **Section 'D'**

#### **Ordnance Transit Group**

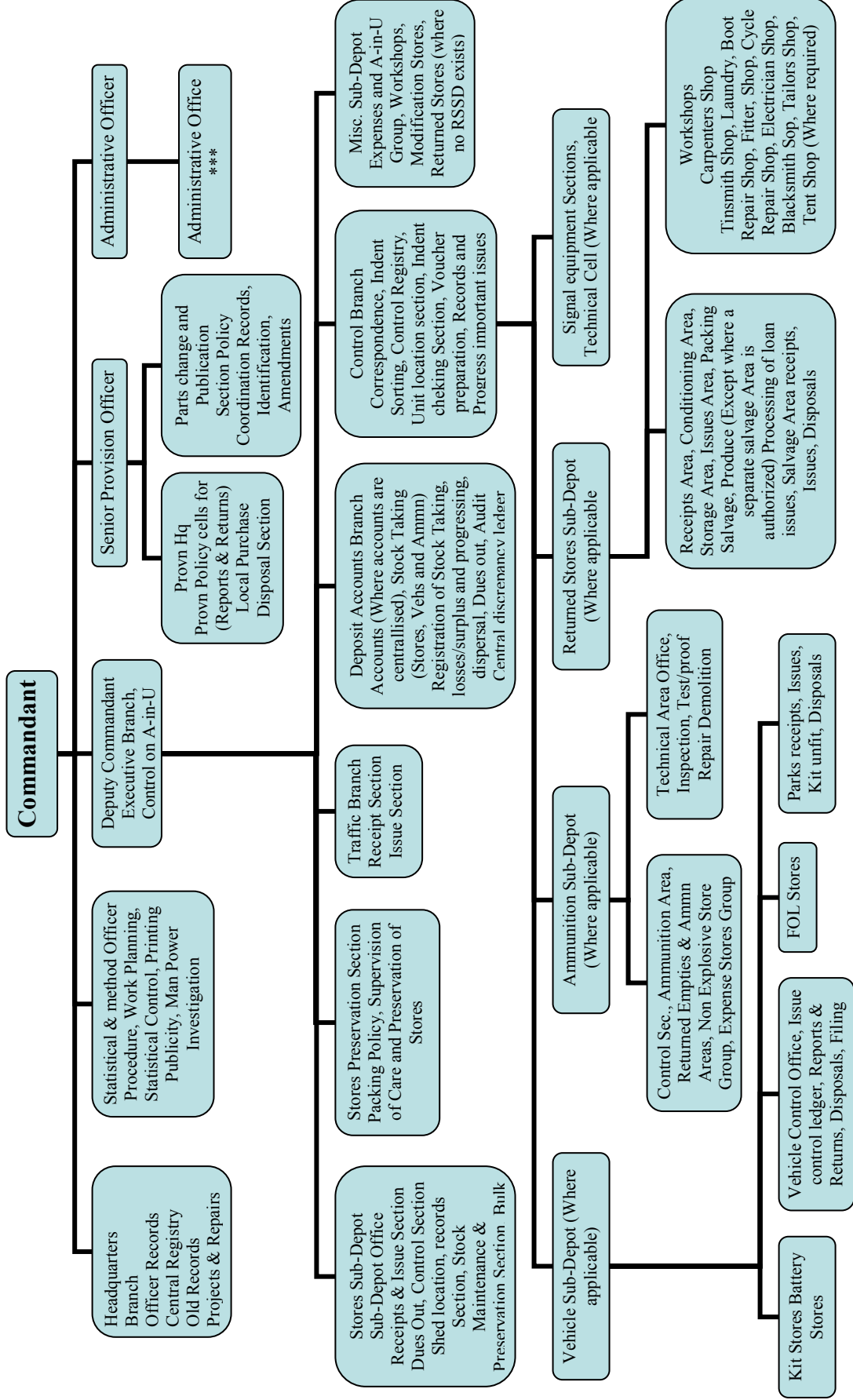
- 683.** (i) Ordnance Transit Group is responsible for:-
- (a) taking over from railways all consignments of Ordnance Stores consigned to stores holding Ordnance Units located beyond the rail head and such other consignments of Ordnance Stores as are intended for consumption by units and which are beyond the handling capacity of the Military forwarding organisation.
  - (b) holding all such consignments in transit till such time they are despatched to their ultimate destination;
  - (c) receiving returned stores including vehicles from Ordnance Units / consuming units located beyond the rail head and arranging their despatch to appropriate depots.
- (ii) The accounts maintained should be examined with a view to ensuring that:
- (a) stores are not held in the group without being despatched for unduly long periods; .
  - (b) stores / ammunition particularly those carrying warrants / inspection and proof are despatched immediately and action taken to obtain despatch instructions where wanting;
  - (c) Stores / ammunition requiring careful storage are properly kept and deterioration is not allowed to set in for improper storage.

**ANNEXURE-I**  
**(Referred to in Para 658)**  
**Organisation of Ordnance at Army HQ**

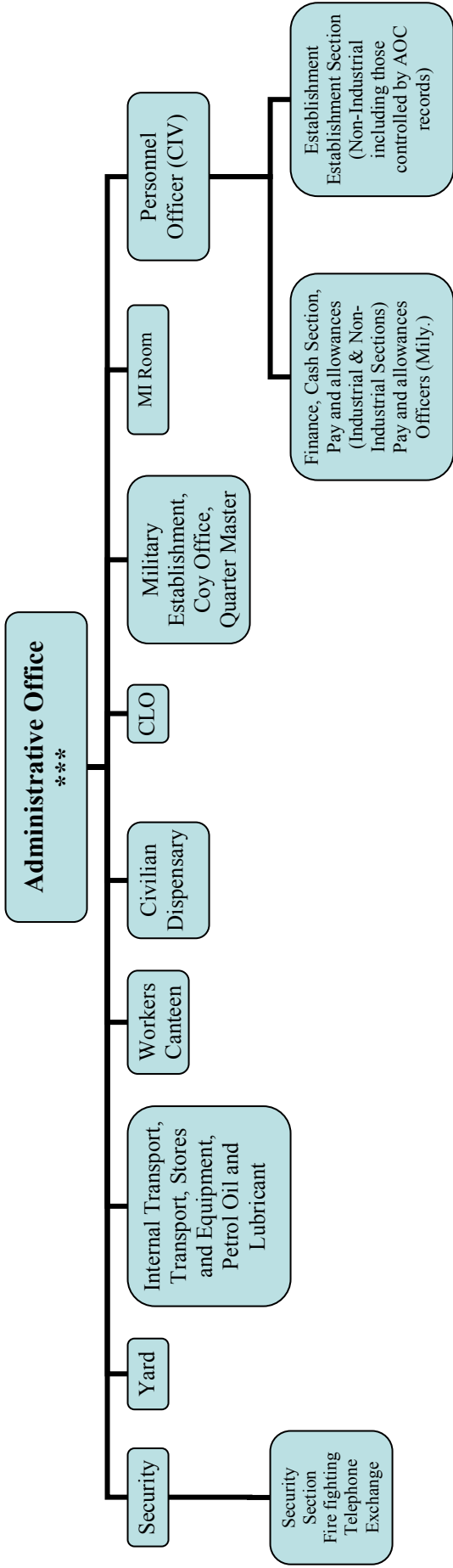




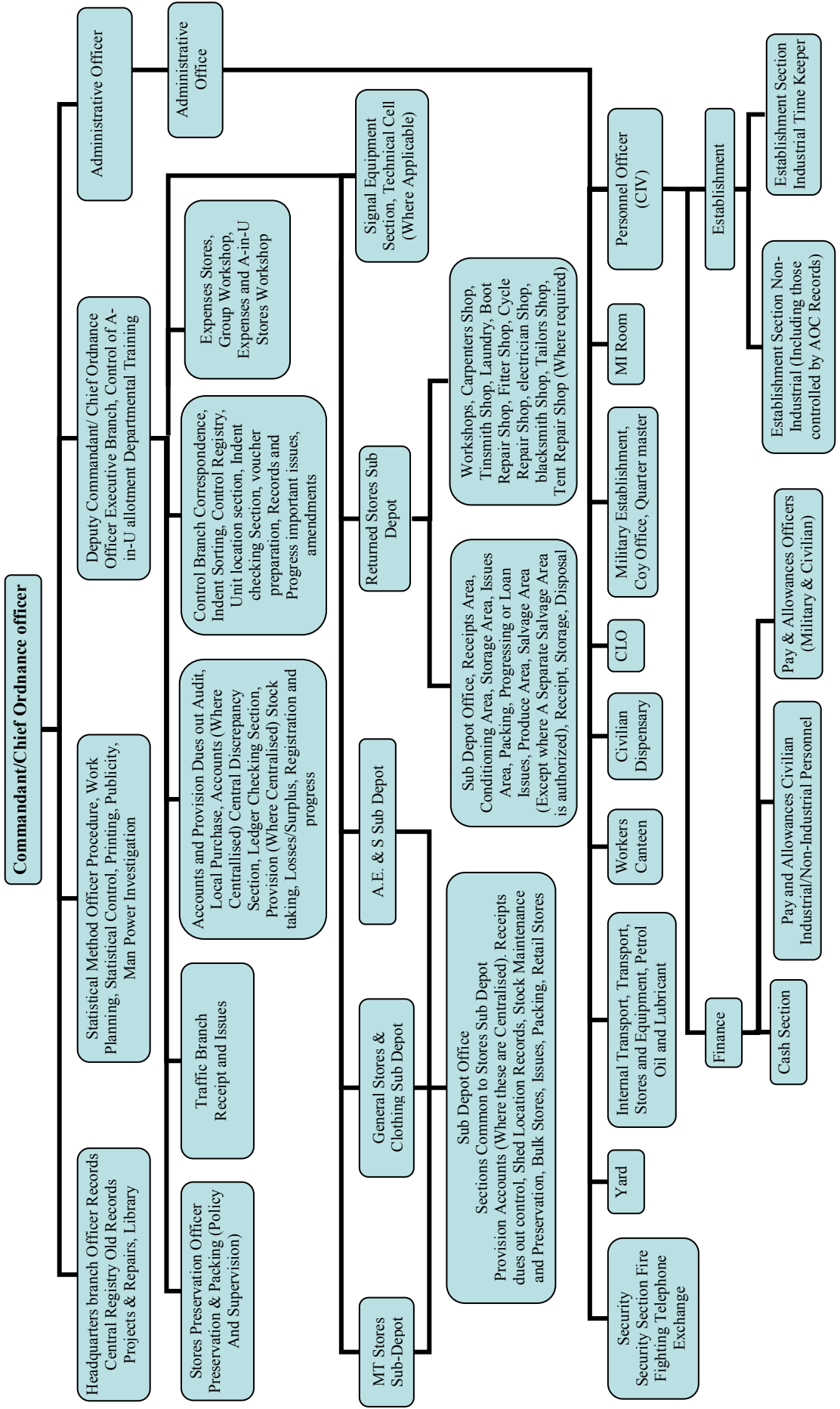
**ANNEXURE II(i)**  
**(Referred to in para 665)**  
**CENTRAL ORDNANCE DEPOT**  
**(Organisation Chart)**



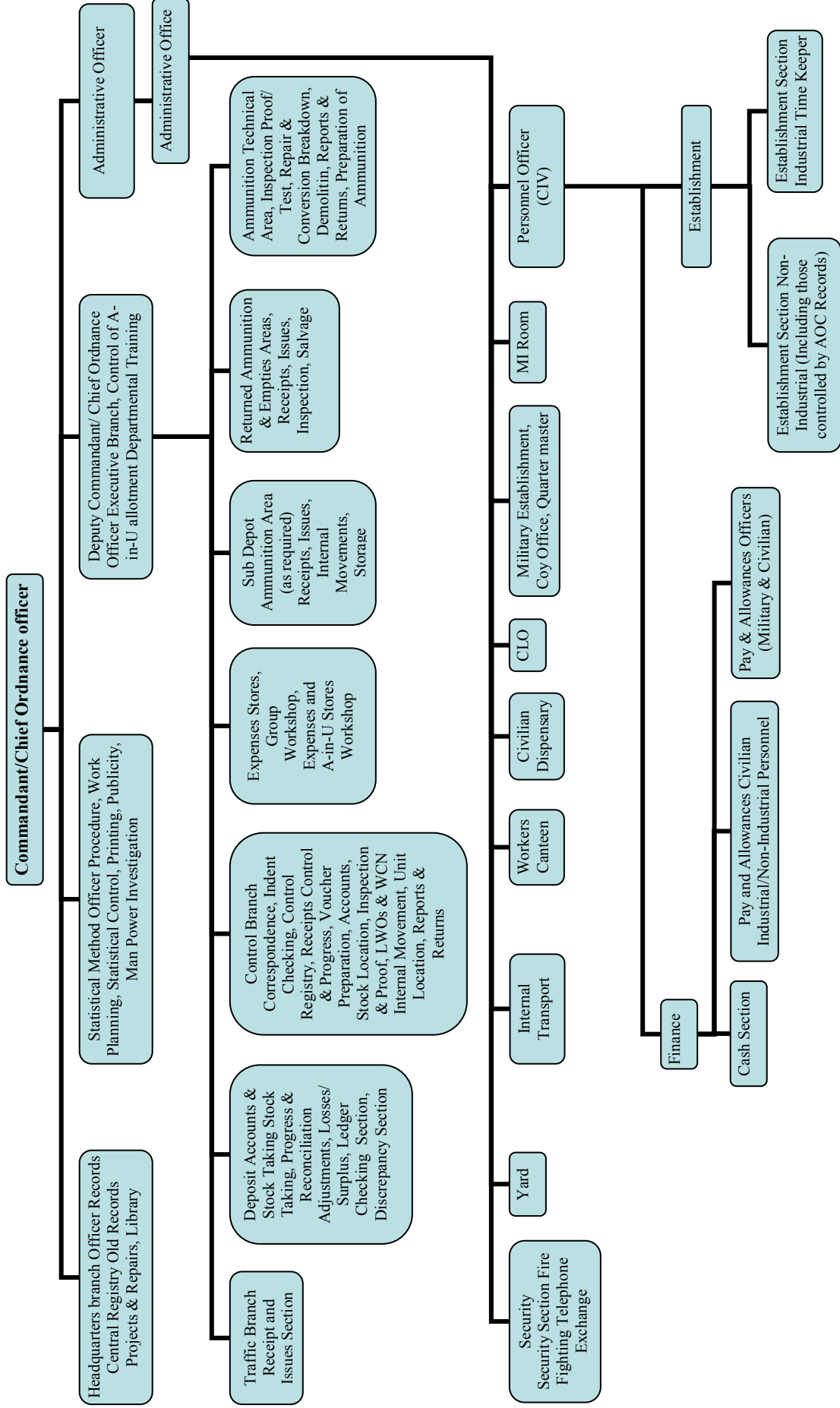
ANNEXURE II(i) Contd.



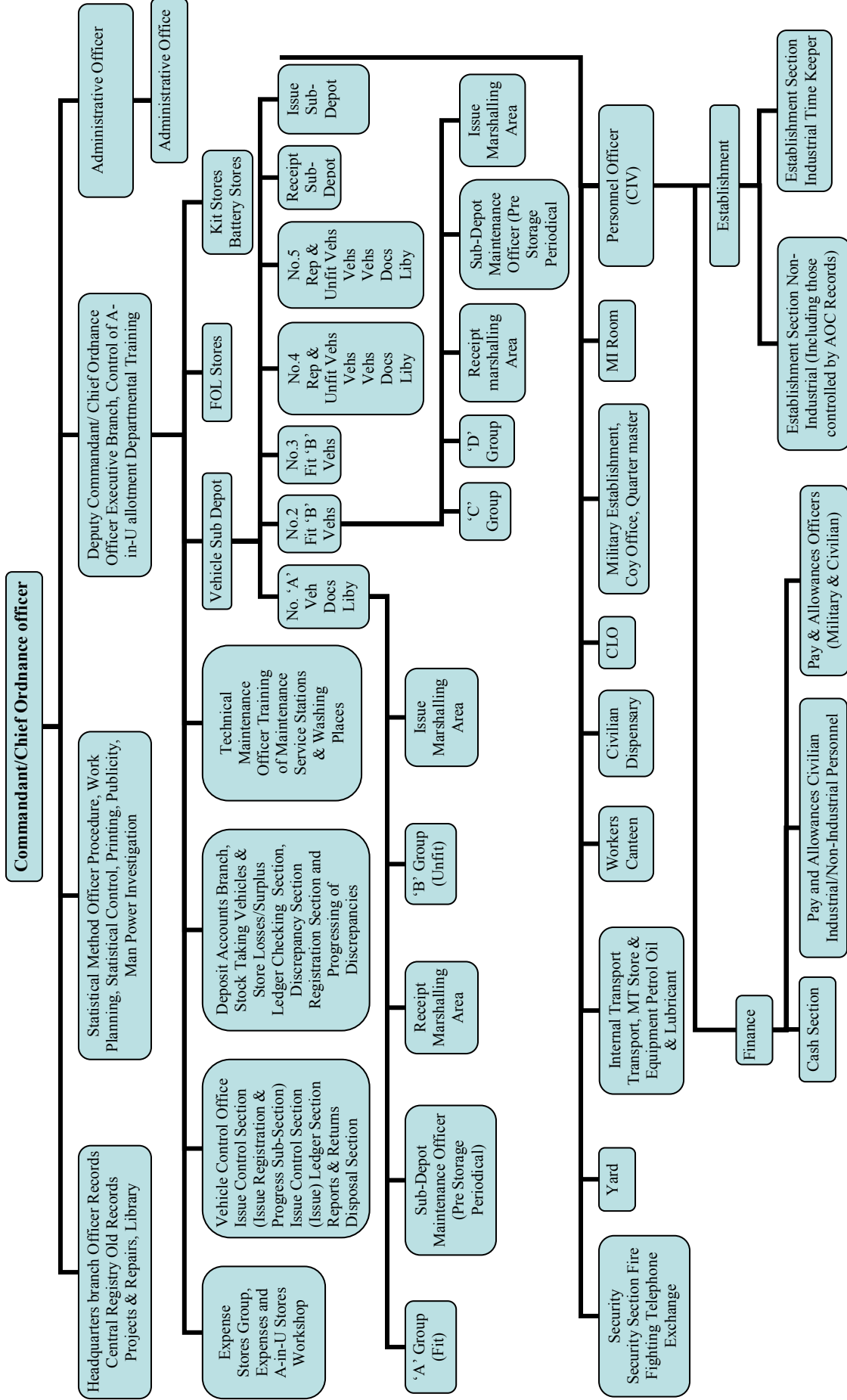
**ANNEXURE II (ii)**  
**(Referred to in Para 665)**  
**(Ordnance Depot (Organisation Chart))**



**ANNEXURE III**  
**(Referred to in Para 669(iv))**  
**Central Ammunition Depot/Ammunition Depot (Organisation Chart)**



**ANNEXURE IV**  
**(Referred to in Para 680)**  
**Central Vehicle Depot**



## ANNEXURE V

*(Referred to in Para 607)*

### **Auditable documents normally maintained in CODs/ ODs/ CAD, AD / CAFVD, CVD**

1. Cash Book Public Fund and Imprest and connected documents
2. Contingent Expenditure Register
3. Check rolls for temporary labour, including the industrial establishment bills, service records and other connected documents.
4. Budget provision records, establishment branch
5. Loss statements - Original copies are filed along with vouchers and should be checked when the audit of vouchers is conducted - Register of Loss.
6. Service books of civilian establishment and officers
7. Security deposit
8. Ration returns and connected documents
9. Account cards of Depot Accounts Section
10. Provision review forms, Initial Stock Guide, Manufacturers Recommended List of Spares
11. Adjustment Vouchers
12. Articles-in-use Register
13. Clothing and equipment ledgers
14. Register of railway receipts
15. Railway Claims Register
16. Discrepancy Registers
17. In Vehicle Depots, the receipts and issues of vehicles are accounted for in Vehicle Stock Summary (IAFO - 2676) and Vehicle Register (IAFO 2678), entries in which are made from daily receipt and issue returns compiled from receipt, issue and adjustment vouchers, these should be scrutinised.
18. Kit Stock Account Cards (IAFO 2706)
19. Overtime Register
20. M.T. Accounts
21. Small Arms & Ammunition Accounts
22. Railway Warrants/Credit Notes
23. Sale Accounts & Auction Catalogue
24. Loan Issue Registers
25. RSSD Account Cards, RSSD Workshop Accounts & Job Cards

26. Stock Taking Documents
27. Stock Records of Salvage Section
28. Local Purchase Records

**Books to be consulted during audit of COD**

- 1) Regulations for the Army Ordnance Services Part I, II, III and IV
- 2) Defence Service Regulations
- 3) Store Accounting Instructions
- 4) Army Local Audit Manual, Vols. I, II
- 5) DGOS Technical Instructions
  - No.001 - Receipt Procedure
  - No.002 - Issue Procedure
  - No.004 - Stock-taking Procedure
  - No.008 - Returned Stores Sub Depot Procedure
  - No.009 - Stock taking Procedure (RSSD)
  - No.010 - Salvage section/ Sub Depot and disposal of Stores Procedure
  - No.014 - Local Purchase Procedure
  - No.020 - Ordnance Stores Section - EME
  - No.021 - Conditioning & Repair of Class '8' stores
  - No.022 - Provision - Class '8' Stores Definition/ Terms
  - No.025 - Provision Policy - Cancellation / Reduction of Demand
  - NO.026 - Provision - Org. Policy & Procedure
  - No.038 - Stores Purchase Procedure
  - No.040 - Standing Directive for provision Review of Class '8' Stores.  
CVP/140192/3

**Books of reference to be consulted in Ammunition Depots**

- (i) Army Ordnance Corps Regulations (1986 Edition) Part I & II (Revised Edition)
- (ii) Store Accounting Instructions
- (iii) Army Local Audit Manual
- (iv) Technical Instructions (For Ammunition Depots)
  - DOS TT No.201 : Receipt Procedure
  - No.202 : Issue Procedure
  - No.203 : Stock taking Procedure
  - No.204 : Technical operations Internal documentation

- No.205 : Proof & Test Procedure
- No.206 : Issue of ammunition by Officer in charge A.T.A
- No.207 Returned Empties and Ammunition Procedure
- No.302 Expense Stores Group Procedure
- No.061 : Discrepancy Procedure NO.038 : Local Purchase Procedure
- No.010 : Salvage Procedure No.D06 : Disposal Store Procedure
- (v) Proof test Guide & Ammunition Master Key
- (vi) Army Order 90/71 - Discrepancy & loss of Ammunition
- (vii) Standing Operating Instruction (SOP) issued by Ammunition Depots amplifying technical instructions & procedures

### **Important Reports & Returns**

Details of reports and returns to be rendered by the depot are available in

- (i) Pamphlets for Compilation of Reports & Returns (Personnel)
- (ii) Pamphlets for Compilation of Reports & Returns Store Equipments,
- (iii) Pamphlets for compilation of Reports & Returns MT Vehicles.

### **Books of reference to be consulted during audit (in Vehicle Depots)**

1. Regulations for AOS Part I & II
2. Mechanical Vehicles Regulations for the Army
3. Store Accounting Instructions
4. Army Local Audit Manual
5. DG as Technical Instructions
  - (i) Receipt Procedure
  - (ii) Issue Procedure
  - (iii) RSSD Procedure
  - (iv) Salvage Section, Sub Depot and Stores Disposal procedure
  - (v) Stock taking procedure
  - (vi) Kit store procedure (108)
  - (vii) Repair of Vehicles Procedure (111)
  - (viii) Disposal of Vehicles surplus to Army Requirement (112)



## CHAPTER 32

### ARMY (EME) WORKSHOPS

**684.** (i) Corps of Electrical and Mechanical Engineers function with the Director General of EME as its head under the MGO with assigned role and functions as indicated in the Army Regulations - Regulations for Corps of EME. The functions relating to inspection, repairs and manufacturing of spares where necessary, of all vehicles and technical equipment held by the Army and fabrication commitments based on functional designs provided by Research and Development Establishment are carried out by Army (EME) Workshops, functioning under the Directorate General EME as per provisions of para 106 of EME Regulations and charter of responsibilities at Appx 'A' thereto. The above referred functions are carried out under a four tier system viz.

- (a) Base Workshops - doing base repairs / manufacture/fabrication work
- (b) Corps Zone workshops & EME Brs - Carrying out medium repairs and other repairs that cannot be performed in efficient and cost effective manner in the field workshops. Repair of rotables of 'A' and 'C' vehicles, and Regionally Repairable Modules (Reg REM) fall in the cat.
- (c) Station Workshop/Depot Workshop/Workshop Companies-Carrying out field repairs.
- (d) Light Repair workshops (LRWs)/Unit Repair Organisation(URO)-Carrying out light repairs.

Note: 1 Base repairs represent complete overhaul and rebuilding of components, assemblies and equipments. Field repairs relate to replacement of major assemblies and General repairs beyond the scope of unit repair organisation or Light Aid Detachments which carry out minor repairs, replacements of accessible components and minor assemblies and light welding.

Note: 2 Central Maintenance Stations have been established at various stations for maintenance of vehicles belonging to Static formations / units under the scheme sanctioned under Ministry of Defence No.75774/12/GS/WS/C/D(Plg) dt 24.7.90]

(ii) The activities of the various EME Workshops are monitored by DG EME through the HQrs. Base Workshop Group located at Meerut Cantt. The functions and responsibilities of the HQrs. Base Workshop Group are indicated in para 108 of EME Regulations.

(iii) Vehicle Depots receive vehicles ex-trade/Ordnance Factories/ on stock transfer from other depots and those returned by units/ formations and hold them in stock (a) for issue to units based on release orders (b) feed class V of vehicles to workshops for repairs and (c) arrange for disposal based on discard policies and instructions issued by AHQ. Vehicles are held in Class I to IV condition as per orders issued from time to time, based on kilometres run/fuel consumed. Class V vehicles are those needing Base repairs/Overhaul while Class VI represents vehicles "Beyond Economical Repairs" and Class VII are those vehicles which are obsolete.

(iv) Central Ordnance Depots also provision, hold and issue stores peculiar to mechanical vehicles/equipments which are the responsibility of Ordnance organisation. These include major/minor assemblies, spare parts, tubes and tyres and materials and accessories required for maintenance of plant & machinery and

equipment for the repair of vehicles and other equipment undertaken in EME Workshops.

### Section - 1

#### Base Workshops

**685** (i) Base workshops at different locations have been primarily set up for undertaking tasks as indicated below. Each Base Workshop has an assigned role. The requirements of these Workshops in respect of repairables and supply aspects are met by the designated Depots.

- (a) Complete overhaul of vehicles and equipment
- (b) Specified base repairs and
- (c) Manufacture of stores and spares as may be required for (a) and (b) above, and also to meet the demand of various store holding organisations and fabrications / body building commitments where specified.

(ii) For this purpose HQrs. Base Workshop Group formulates the programme of repair/overhaul of 'A' & 'B' vehicles, Armament, Technical Equipment body building/ fabrication commitments in consultation with Directorate General of Ordnance Services and other Directorates / Establishments in respect of each workshop who indicate their requirements to HQrs.TG, EME of Class V Vehicles/other equipments requiring repair with due regard to the urgency thereof as indicated in the DGOS Technical Instructions. (DGOS Technical Instruction 111 (Issue 2) Reprint 1989 in respect of repair of vehicles refers). These programmes are formulated based on the installed capacity of each Workshop, and Standard unit (SUs) of man hours laid down for different types of repairs / manufacturing activities. The programmes are drawn for a period of five years indicating firm targets to be achieved during the first year of the programme. The commitments for the subsequent years are subject to revision taking into account various inputs in the workshop and are indicated for initiating advance planning. Based on these programmes each workshop initiates action for procurement of materials equipments centrally through HQrs. Base Workshop Group and calls for repairables from the feeding Depots. These activities are monitored through feed back in the form of monthly progress reports from the workshops which forms the basis for periodical review / revision of programmes taking into account the various factors like non-availability of spares, equipment and other inputs.

(iii) As regards manufacture of spares / stores for stock, work orders are placed by Ordnance Depots on nominated workshops after approval by HQrs. Technical Group EME as per procedure laid down in AHQ MGO's Branch No.A/04862/0S-10B dated 30.4.77.

#### Organisation

**686.** The organization Chart is as Annexure- 'A', in short the terms of various section are as under:-

**Administrative Group:** The main functions of this group are as follows-

- (a) Discipline training, welfare and other administrative pertaining to alt combatant workshop,
- (b) Administration with the rules and regulations laid down, for all civilian employee industrial and non-industrial staff of the workshop,
- (c) Deal with all security matters inside the workshop pertaining to stores,

- personnel and installations.
- (d) Fire fighting,
- (e) Administration, of statutory and non-statutory welfare schemes for the civilian workers, viz workers canteen co-operative' societies recreation centre and housing and credit societies.
- (f) Ensure strict adherence to rules as laid down by the Factories Act Workmen Act Workmen Compensation Act. Payment of Wages Act, Trade union Act and other rules and regulations in force.

**Works Management Group:** The main functions of this group are as follows:-

- (a) Undertake all planning work connected the transition of the yearly repair task given in the workshop into a detailed production schedule and to ensure that the same is carried out, For this, it carries out the following tasks;-
  - (i) Prepare production plans for the workshop for the complete year,
  - (ii) Set monthly firm production targets for each work centre.
  - (iii) Ensure positioning of the repairable equipment on the shop floor in time,
  - (iv) Ensure positioning of required spares and other materials in time,
  - (v) Keep a record off the man hours spent on all jobs and ensure that these do not exceed the Yard Stick figures.
  - (vi) Prepared detailed work planning instructions and job circulars for an important commitments,
  - (vii) Local purchase or arrange local manufacture of spares and other stores that are not available from, the normal sources of supply,
  - (viii) Arrange repair by local contract when facilities for repair inside the workshop do not exist or under other circumstances as laid down,
  - (ix) Ensure that proper record of all spares consumed are kept so that these are available for future guidance.
  - (x) Estimate time required and the method of repair and manufacture for new items.
  - (xi) Anticipate production holdups due to non-availability of repairables, spares and other stores and technical know-how arid to take steps to overcome these,
- (b) Manufacture of all plants and machinery and provide all technical and other services to the workshops, for this, it carries out of the following tasks:-
  - (i) Planning provisioning, installation, maintenance. Condemnation and replacement of all plants, machinery and other equipment,
  - (ii) Provisioning of all standard maintenance tools and other test equipment,
  - (iii) Maintenance of electrical water and other services in the workshop either directly or through Military Engineering Service,
  - (iv) General cleanliness of the working area,
  - (v) Arrange repair and manufacture of all workshop building and

intimation of all major and minor works including technical minor works.

- (vi) Operation and maintenance of mechanical transport vehicles and other materials handling and lifting equipment including mobile cranes in the workshop,

**Production Management Group:** This group is responsible for the actual production in the workshop, For this, it carries out the following tasks:

- (a) Ensure that production 'proceeds in accordance with the monthly production schedules issued by the works management group,
- (b) Ensure that the quality of production is in accordance with the laid down specifications.
- (c) Serve for constant improvements in the repair and manufacturing techniques for this work.

### **Execution of works / repairs undertaken**

**687.** Works are undertaken in the Base Workshops only on the authority of work order (IAFS 1370). The work orders categorised on the basis of the nature of work are:

(i) **Stock Repair Work Orders:-** These are issued as per AHQ Programme. Repairable items / vehicles held by dependent feeding depots (which is normally near where the Base Workshop is located) are sent to the workshop together with copies of work orders. For vehicle repairs, the workshop receives the following in addition:

- (a) Vehicle log book
- (b) Depot Workshop Inspection Report
- (c) Provisional loss statement for deficient component

(ii) **Deposit Work Order:** These are initiated by units for repair of equipment / stores held on their charge for meeting their urgent requirement.

(iii) **Manufacture work orders:** The work orders are issued for manufacture of spares and articles declared as not available by Ordnance upto necessary limits.

(iv) **Payment work orders:** There are two types:

- (a) authorised for Army Base Workshops covering repairs to Navy, Air Force etc. equipment, cost of repairs of which is met from public funds and
- (b) requiring special authority viz. private repair work etc. All work orders on payment should be approved by the Commandant. The work orders for private bodies are to be sanctioned by the MGO.

(v) **Standing work orders:** These are work orders issued for allocation of labour and material required for the functioning of the workshops which cannot be charged to specific work orders. List of SWOs authorised for Base Workshop is given in Appendix H to EME Regulations.

(vi) **Experimental work orders:** These are initiated for carrying out improvement in repair technique or introducing new stores. On receipt of work orders duly control numbered by HQrs. Base Workshop Group, job numbers are allotted for each WO and job folders are opened. Job folders would contain complete details

about the history of equipment / stores manufactured or overhauled from the time of opening the WO till completion. On completion of the repair by the Repair Section, inspection by the Resident Inspector would be undertaken based on the results of which Workshop Completion Notices would be prepared and distributed as prescribed.

(vii) **Sub work orders:** Sub work orders are opened for major and minor assemblies to reflect time for repair thereof separately from the main eqpt. These are opened by the P&P of the Wksp.

(viii) **Inter Section Requisition:** These are initiated when a workshop or section requires Work to be carried out by another section. ISRs will be prepared in triplicate quoting the parent work order. The copies are distributed as follows:-

- (a) One copy to P&P for job order,
- (b) One copy with the section where work is to be executed,
- (c) One copy with the originating Group/Section to be kept in the parent work order folder.

### **Important accounts maintained and documents to be seen in audit.**

**688** The documents maintained in a workshop are mainly:

#### **(i) Admin Wing**

- (a) Public Fund / Imprest Cash Book
- (b) Contingent expenditure registers
- (c) Check Rolls & temporary labour bills
- (d) Service Records
- (e) Ration returns and other connected documents
- (f) Clothing, equipment, and MT Accounts.

#### **(ii) Workshop Wing**

- (a) Work orders control register: repair / overhaul/ Body building / Fabrication Programme
- (b) Monthly Progress Reports
- (c) Job Folders and connected documents
- (d) Receipt control register
- (e) Man hour statistical returns
- (f) Master cards
- (g) Plant, Machinery and Special equipments accounts and log books
- (h) Half yearly return of machinery used Records.
- (i) Machinery usage Data Cards indicating hours used.
- (j) Local Purchase Register
- (k) DG EME Cash Grant Records
- (l) DG EME Workshop Grant Records.
- (m) Tech. Training Grant Records.
- (n) Account cards in OSS/A-in- U Ledgers
- (o) Loss Statement register etc.

### **Audit Procedure**

**689.** Apart from the audit of various accounts of common applicability viz. cash accounts, stores accounts, MT Accounts and Misc. accounts maintained as for an Army Unit and audit of Industrial personnel payment as brought out in Chapter 28,

the main audit thrust in a Base Workshop should be performance oriented with reference to

- (i) Manufacturing achievement, Programme vis-a-vis
- (ii) Capacity utilisation (a) Labour (b) plants and machinery and (c) Energy
- (iii) Local purchase and central purchase of stores
- (iv) Payment work orders.
- (v) Losses etc.

### **Manufacturing Programmes and achievements**

#### **690. (i) Repair/overhaul Body building / Fabrication commitments - Programme drawn by HQrs. Tech.Gr. EME**

The monthly progress reports rendered by the Workshop to HQrs. Tech. Gr. EME, Work Order registers, indents placed for equipment and spares and connected correspondence should be critically examined in audit with reference to the programme relating to the workshop to see:

- (a) How far the programmes / yearly targets fixed are accomplished and whether the programme have been received in time to enable the same to be taken up for execution from the beginning of the year.
- (b) In the event of short-fall the reasons for the same should be examined to see:
  - 1) Whether the repairable holding / vehicles had been placed in position in the workshop in time to enable the production time being planned and established. If not the reasons therefor should be got examined in the feeding depot, in consultation with other Command Officers in case the feeding depots fall in their audit area.
  - 2) In the event of repairable holdings / vehicles being available in the workshop as planned and retained without being repaired / fabricated it should be examined to see whether the shortfall in targets was due to non-availability of spares, critical items and other inputs. If so, the cause for such delay and reasons therefor should be examined and verified if necessary, with reference to records of the related feeding depots (in consultation with other Command Officer) to bring to light lapses and poor coordination between the EME and Ordnance.
- (c) For the purpose, the records maintained by Ordnance Stores Section (OSS) attached to each base Workshop should be scrutinised to see that:
  - 1. What is the quantity targetted for overhaul/repair of 'A' vehicle, 'B' vehicles, 'A' and 'B' vehicle engines, armament guns, electronic items, body building/fabrication work, manufacture of spares etc. in the programme as approved by Government and promulgated by HQrs. TGEME for role plan period of 3 to 5 years and how much of them is firmed up for the first year.
  - 2. Did the concerned base workshop initiate the demand known as "call-in-notice" for all the repairables and required spares on Ordnance in time? If not, Why?

3. Whether all the repairables made available by Ordnance to the base work-shop were repaired duly as per the programmes. If not why? If the repairables were held without repairs being undertaken in the base workshops for want of required spares, it should be checked as to number of items scaled in overhaul scales, number of critical spares required, number of critical items supplied by Ordnance, number of critical items not available exordnance, inability percentage worked out by the Ordnance in respect of spares, number of items purchased and the commitment against which booked, details of local purchase done by workshops.
- (d) If the shortfall was attributed to power shortage, inadequacy of facilities like plant and machinery, buildings etc. such reasons should be examined in detail to find out whether there had been lapses in planning or initiating appropriate action with a view to ensuring synchronised action for proper implementation of the programme.
- (e) Since the programme for repair / overhaul/body building / fabrication commitments are drawn by HQrs. Tech. Gr. EME based on requirements worked out or facilities planned to be provided in the Services, cases of serious shortfall in achievement of targets should be brought to the notice of the HQrs. Office for examination at service HQrs.of the repercussions thereof i.e. whether the requirements due to shortfall are met by fresh procurement or set back in establishment of requisite facilities etc.

**(ii) Manufacture of spares / stores**

Work orders for manufacture of spares/stores are placed by Depots based on annual provision review on nominated workshops after selection by HQrs. Technical Group EME as, per procedure prescribed in AHQ MGO's Branch No. A/04862/OS-10B dated 30.4.77. Local manufacture work orders / A-in-U manufacture work orders are made out in respect of requirements of OSS/ workshop stores. In respect of work orders for manufacture of spares/ stores delivery schedule of 21 months is allowed for normal work orders, 12 months for priority WOs and 6 months for OP immediate WOs. Since WOs are initiated to meet the requirements of user units, projected by Ordnance Depots, it should be examined in audit whether the delivery schedules have been adhered to. In the event of delay, it should be examined as to how the requirements projected by originating depots were met. This can be done in the concerned originating depots in consultation with the Command Officer in whose audit area the originating depot is located.

**(iii) Work orders:**

- (a) Work orders as indicated in para 687 above are issued for carrying out a particular item of work as specified in EME Regulations and the work relating to a complete service / repair so ordered is called a Job for which a number is allotted and Job folder opened. The job folders contain complete details about the equipment / stores manufactured or overhauled from the time of opening the work order till its completion. Work orders in respect of selected item of work should be selected and analysed to examine whether output of such work orders are comparable and cases of significant variations examined critically for highlighting such variations,

quantifying variations in labour and material.

- (b) From details of work order completion notices available with Job folders in respect of work orders, it should be seen that vehicles/equipments repaired /overhauled and fabrication items completed are not detained in the workshop for unduly long period. It should also be seen that no labour is booked or material is expended after a vehicle has been passed fit and job folder closed.
- (c) Expenditure booked on reject/rectification WO or SWO should be critically examined to find out whether such cases could call for comment.
- (d) Fabrication/modification in respect of vehicles are undertaken by Army Base Workshop to cater for provision of specific mobile facilities like installation of lathes, generators etc. It should be seen in audit whether the purpose for which fabrication/modification was carried out has proved successful and whether the fabricated vehicles/trailers are utilised for the intended purpose without any complaints from users. In the event of major defects being reported the repercussion that arise due to non-utilisation of the fabricated vehicles/ trailers and equipment procured for mounting would need to be examined to ascertain whether the expenditure incurred on modification could be termed as infructuous.
- (e) Cases of defects/ complaints pointed out by users should be examined to find out whether such defects / complaint has significant effect in quality of the test carried out resulting in extra expenditure in making good the defects.

## **Capacity utilisation**

### **691. (i) Labour**

- (a) The designed capacity is the repair potential of Base Workshop arrived at with reference to man power authorised in the Peace Establishment. Installed capacity is the quantum of output that could be achieved by a workshop with the available infrastructure, man hours, machine hours, materials etc. Output is the capacity actually achieved by the workshop. From a scrutiny of the sanctioned and posted strength as well as Man hours statistical returns, variations between rated capacity and installed capacity should be analysed to ensure whether the workshop is not deliberately over loaded so that short falls could be adjusted against other programmes to absorb idle hours etc. Similarly variation between installed capacity and actual output should be scrutinised to find out extent of shortfalls in targets fixed if any.
- (b) Man power available in the workshop is broadly divided into:
  - 1) Accountable manpower and
  - 2) non-accountable man-power (leave, regimental training / duties etc).
- (c) Accountable manpower is sub divided into man hours against production and overheads (dead time, idle time, maintenance and administrative supervising duties). As per norms fixed by HQrs. Technical Group EME overhead man-hour is authorised at 102.25% of the production man hour (except in respect of 515 Army Base workshop where the same is 157%)



working out to a direct labour component of 49.44% of the total manhours (38.9% in respect of 515 Army Base Workshop) Man hours statistical returns, Job folders and work orders should be scrutinised to see whether the man power booked to overhead is within the prescribed Percentages and in case of substantial variations the reasons therefor should be examined and extra expenditure due to excess booking should be quantified at average man hour rates for possible comment. Norms prescribing maximum percentage authorised for various SWOs exist. Actual booking against such SWOs should be scrutinised and serious variations in excess of maximum percentage authorised should be commented upon quantifying the excess in terms of value.

(d) **Overtime**

Overtime is resorted to only when manpower utilisation of an Army Base Workshop is 80% or more: Overtime payment (at single rates as well as double rate) booked will be compared with normal payments. Such payments should be analysed, to see whether overtime bookings are commensurate with the situation / requirement. Compiled data relating to percentage of man power utilisation sent alongwith Man hour statistical returns indicate production manhours in standard units during normal shift and during OT such statistics should be compared with achievements of targets with a view to ensuring whether OT resorted to was fruitful and justified.

(e) **Productivity linked bonus**

Sanction was accorded under Ministry of Defence letter No.24(3)/801 D(JCM) dt. 28.8.1983 for payment of productivity linked bonus for civilian employees of Corps of EME with effect from 79-80. According to the procedure laid down in the sanction *ibid* the year 1977-78 will be taken as the base *year* with productivity index at 100. The productivity index is arrived at on the basis of ratio of output to input.

(f) **Quantum of Bonus payable**

Where the productivity index in any year is identical, bonus equivalent to 25 days wages will be advisable. For every fall of 1.1 below 100, the employees will lose one day's wage on account of bonus. The minimum bonus payable will be 18 days wages for productivity index level at 92. No bonus will be payable if the index goes below 92. For every rise of 1.65 above 100 the employees will get one extra day's wages over and above 25 days wages on bonus, subject to maximum amount of 40 days wages. It is to be seen in audit:

- 1) Whether the norms prescribed in the procedure have been observed for assessing the productivity Index.
- 2) Justification for payment of productivity linked bonus.

(ii) **Plant and Machinery**

- (a) Each Plant and machinery is rated to work for specific number of hours in a day. This is fixed taking into account the No. of hours the plant and machinery is expected to perform over a period during its life. Half yearly Returns of machine hours prepared by the workshop and machinery

usage data cards should be examined to identify serious variations between available machine hours and machine hours actually utilized. Normally factors attributed to such variations are:

- non availability of man power to operate the machine
- non-availability of work
- Machinery / equipment lying under repair
- power shortage / failure

Each of these reasons should be analysed and cross linked with man hours statistical returns, programme and targets. While in respect of plant & machinery utilised, proportionate depreciation is allowed, machinery not utilised is depreciated at a minimum flat rate of 2%, such depreciation being non-productive. Such cases of continued non-utilisation of machinery should be examined to high light lapses.

- (b) Plant & machinery procured but not installed for various reasons (e.g want of works services etc.) should be examined in detail for possible comments. It should also be examined to find out whether any advances had been paid for provision of certain facilities before installation and commissioning of the plant machinery. In such case the period for which the amount so advanced remained blocked and reasons for non-provision of facilities should be examined for possible comments.
- (c) Non-installation of plant and machinery for want of components received in damaged condition necessitating repairs should also be critically examined in detail. Result of delay in installation and commissioning of the plant/machinery with consequent effect on production would also require detailed examination.
- (d) Cases may arise where plants and machinery procured centrally are despatched to workshops as part of modernisation plan without fully ascertaining whether such plant /machinery is capable of being used in the workshop for the type of activity undertaken. Such cases should be examined to find out whether they are put to any significant use
- (e) Plant & machinery procured without proper justification may be transferred to other workshops necessitating expenditure on transportation which cannot be viewed as fruitful. While commenting on such cases of transfers, details of such cases with factual information leading to such procurement and subsequent transfer to other workshops/formations should be brought to the notice of the Command Officer in whose audit area the transferee formation is located.
- (f) Details of serviceable plant and machinery which have been rendered surplus are circulated to other workshops for indicating their requirement. Such lists provide information regarding dates of receipt, percentage of residual life, no. of hours used etc. These lists would also need scrutiny as indicated above.
- (g) Plant and machinery may be procured as part of modernisation to replace manual operations carried out earlier. It should be examined to find out whether as a result of commissioning of such plants / machinery any reduction in labour who were engaged on such manual operations had been effected.

(h) Purchase effected against DG EME Workshop Grant Monetary Cash Grant under delegated powers under provision of AI 86/74 should be examined to find out whether such procurements are justified.

**(i) Not in Vocabulary (NIV) plant and machinery.**

Special equipment are sometimes procured based on recommendations of committees formed to review the working of workshop without establishing their utility and extent of exploitation. It should be ensured in audit that such proposal for procurement are pursued, scrutinised and recommended at the level of Cdr. HQ TG EME in respect of Army Base Workshops as laid down in Technical Directive No 69.

(DGADS No.644/DP- 60//88-89 (62/88-89) dt 20/8/91)

(iii) Energy: As plant and machinery operated in Workshop require electric energy for operations, demand for requirement of electricity is projected on State Electricity Boards and substantial payments made / expenditure incurred for provision of the requisite facility. Recurring payments are subsequently made (by MES authorities) against, contracted demand subject to minimum payments, penalty charges against actual consumption. Cases of projection of demands which cannot be viewed as justified or properly assessed should be highlighted indicating avoidable expenditure incurred on provision of facilities as well as due to recurring payments made based on minimum payments as against actual consumption or additional penalty charges.

**Inventory holding, local purchase & Central purchase.**

**692** (i) Inventory constitutes one of the most important elements of the efficiency of the workshops. They are basically held in the Ordnance Stores Section in the workshops. The functions of the OSS, procedure to be followed to review requirement, procure, stock and back loading of stores not required are detailed in DGOS Technical Instruction 020 (II issue). While advance planning action is taken in the Base Workshop based on programme to draw out estimates with reference to overhaul scales etc. Ordnance Depots release Ordnance Stores only when Ordnance Dte. issue release orders as per programme drawn and the stores / equipment made available as per delivery schedules indicated. In case of non-availability of stores, non-availability certificates are issued based on which local purchase is resorted to as per provisions of Para 717 etseq of EME Regulations and delegated financial powers indicated in FR Part I as amended from time to time against allotment of funds made (Govt.of India, Min of Def No. A/55452/A-Bud/EME OPS2/2192/D(0-11) of 8.5.90 refers.) Cases of local purchase would need examination to ensure that such purchases were resorted to only after the normal sources of supply had been tapped and it was found that stores were not readily available. Shortfall in achieving targets due to non-availability of stores /spares/equipments are indicated in reports rendered in connection with Production Review meetings. Details of Ordnance inabilities and CODs involved are indicated in such reports. As CODs are expected to stock stores / spares with reference to laid down yardsticks, wastages, EME Programme / commitments finalised, normally in consultation with Ordnance Directorate or requirements indicated by them after provision reviews, reasons as to why such stores were not available in the CODs would also need examination in consultation with other Command Officers in the event of Depots being located in other Audit areas.

(ii) In undertaking examination of inventory holding pattern the following

points would need to be looked into:

- (a) Adequacy of inventory in workshops / OSS in terms of value of production
- (b) Growth and reduction of inventory
- (c) Whether permissible stock level had been laid down and action taken for replenishments when stocks fall below minimum stock level.
- (d) Based on directions contained in the relevant production programme inventory holding is reviewed on receipt of programmes / revision and stores / spares rendered surplus are back loaded to CODs concerned. Such cases of back loading of stores would be scrutinised to find out how such surplus came to exist i.e. whether stores demanded from Depots were received late after the work was completed by resorting to local purchase or whether such surplus resulted due to changes in programme. In the event of delayed receipt of stores, back loading results in expenditure on freight both ways being not fruitful.

**(iii) The general points to be looked into**

Local purchases should be scrutinised to ensure that:

- (a) items purchased are not for stock
- (b) repairs to equipment or manufacture of stores are actually held up.
- (c) the item purchased are backed by NACs from the Depots concerned and if available the urgency of the work on hand does not permit the same to be procured on emergent indent.
- (d) repeat orders are placed as per instructions on the subject.
- (e) articles of different makes, patterns but serving the same purpose are treated as similar articles.
- (f) Requirements of similar articles of others / spares against different work orders on the same date are grouped together and single LPO placed under powers of the competent financial authority concerned.
- (g) Local repair contracts and maintenance spares/stores through local contract should be scrutinised to ensure that they are resorted to only under following conditions:
  - 1) Lack of capacity or non-availability of manufacturing process.
  - 2) Due to circumstances which make it impossible for the WOs to be completed within the stipulated time.
  - 3) In case of the work services at(2) above a general comparison of the cost of work executed under local contract should be effected with cost of estimates for undertaking such work in the workshop itself.

**Retrieval and reclamation of stores**

693. Ordnance Service Technical Instruction No. 20 lays down that stores retrieved and reclaimed from beyond economical repair vehicles/equipment are earmarked for cannibalisation for utilisation in the repair and over haul commitments. These stores reclaimed by the base workshops will have to be sent to Ordnance depots on a certified receipt voucher for accounting purposes. It is to be seen in audit:

- (i) Whether retrieved reclaimed stores are properly accounted for
- (ii) whether necessary savings in the procurement of stores due to retrieval / reclamation has been made.

### **Payment Work Orders**

694. Payment work orders should be examined to see that they have been properly costed and are executed with reference to procedure outlined in Govt. of India Min of Def. Corr.No. B/35003/EME.Prod-3/3769/D(O-II) dt. 12.10.81 and para 268 of Equipment Regulations. In case of variations between estimates and actuals during execution, it should be seen whether such variations had been indicated to the units / bodies / private persons concerned for making payments. It should be examined to see whether the estimates for repair have been properly drawn and Treasury Receipts for cost of repair indicated received before work is commenced.

### **Civil Works**

695. All civil works services sanctioned / executed for improving and augmenting the capacity of the workshops should be analysed with a view to finding out whether there were delays and detentions affecting the programme / targets.

### **Losses / Railway Claims**

696. All cases of losses /railway claims regularised awaiting regularisation should be examined critically to highlight procedural lapses if any relating to proper packing/ handling etc.

## **Section - 2**

### **Other EME Workshops & Detachments**

697 (i) Station workshops / Detachments are responsible for field repairs and light repairs of vehicles and equipment respectively.

(ii) Corps Zone workshops are responsible for medium repairs and other repairs that cannot be performed in efficient and cost effective manner in the fd wksp. Repair of rotables of 'A' and 'C' vehicles, and Regionally Repairable Modules (Reg REM) fall in this cat.

(iii) Depot workshops are responsible for receipt inspection of fit vehicles and vehicles in repairable condition received in the vehicle depot for stock inspection, pre-issue inspection and for carrying out repair of stock vehicles of Class I & IV as laid down in DGOS Technical Instruction 111 (II Issue)

(iv) The accounts / documents that are maintained by the workshop are cash accounts, ration, clothing and stores account, job cards, check rolls local purchase register and inspection reports.

(v) Apart from instructions contained in chapter relating to audit of cash, store, MT & Misc accounts, the points that would require to be looked into during the audit of the workshop wing of the Station Workshops / Detachments undertaking inspection / repairs etc. are:

- (a) Local purchases resorted to under delegated financial powers (Govt. of India, Min of Def. letter No.A/89591/FP-1693/2002//D(GS-I) dated

22.4.02 refers) are supported by non-availability certificates from Ordnance Depots. Cases of repetitive purchases should be collected to examine at Depot level to ascertain reasons for non-stocking of such items.

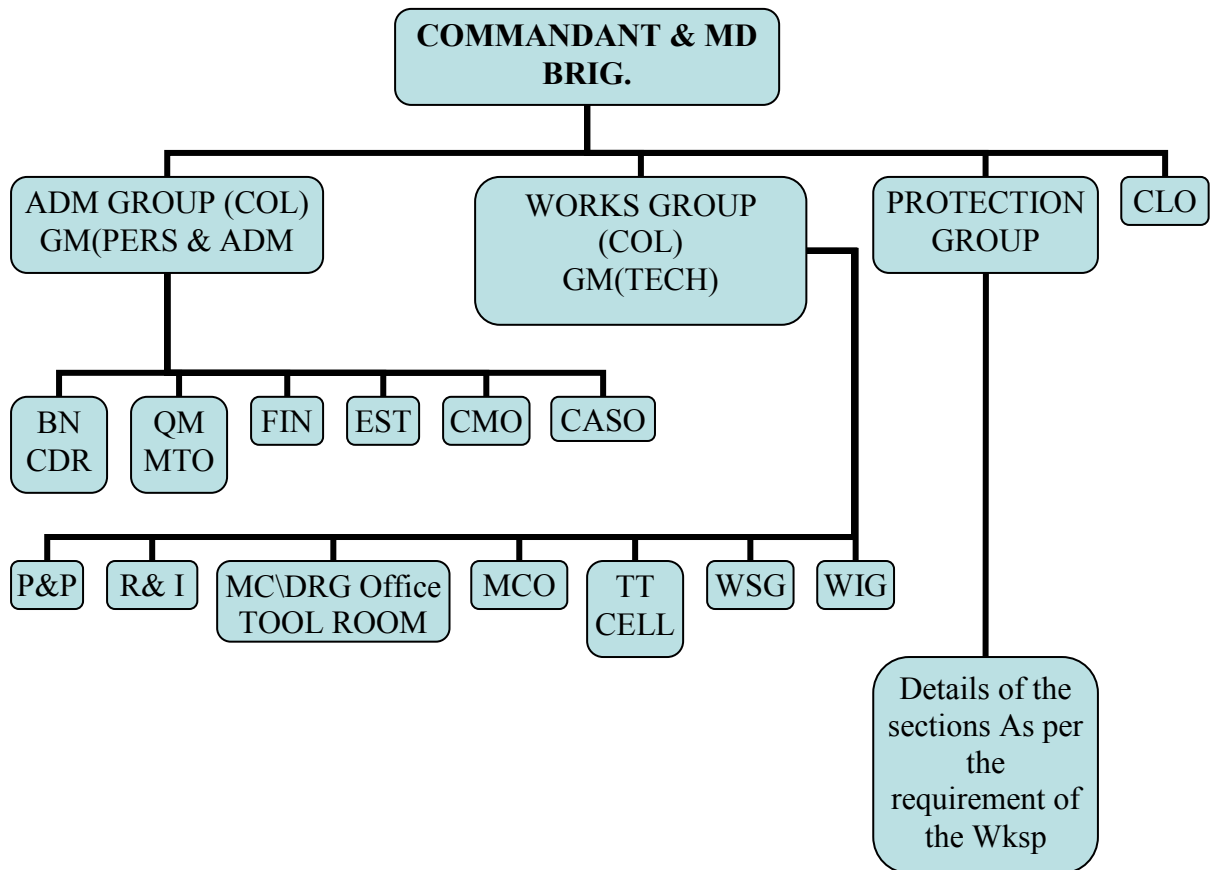
- (b) When repairs are ordered on local repair contracts, such repairs are undertaken due to urgency of commitments or nonavailability of facilities or such facilities if available, the workshop is fully occupied.
- (c) Whenever serviceable stores are issued for repair either similar quantity of unserviceable stores are brought into account or if lost, due authority is produced for the same,
- (d) Unserviceable or beyond local repair stores are transferred to the dependent salvage/RSSD expeditiously and are not allowed to accumulate.
- (e) In addition Inspection Reports should be scrutinised to see that there are no peculiarities like premature down gradation of tyres / retreaded tyres without the prescribed kilometers being run etc. such cases should be collected for examination at source of receipt as to whether cases of premature down gradation were noticed/ reported by other user units indicative of defective procurement, defective maintenance and defective retreading etc.
- (f) During audit of/ Depot Workshops, it should be ensured that repairs, if any, to vehicles returned after base repairs in Base Workshops as per orders of AHQ are related to slips or damage that may occur en-route and no other rectifications take place;

#### **Books to be consulted during audit**

1. E.M.E. Regulations
2. Mechanical Vehicle Regulations
3. Equipment Regulations
4. D.G.O.S. Technical Instructions 020 (II issue)
5. D.G.O.S. Technical Instructions 111 (II issue)
6. Technical Directive 39 (DGEME)
7. Technical Directive 69 (DGEME)
8. Army Local Audit Manual Vol I
9. F.R.Part I Vol 1&11
10. Appendix IV FR Part II
11. Army Base Workshop Procedure Vol.I & II

**Annexure-‘A’**  
**[reference to in Para 686]**

**Organisation of Army Base Work Shop**



**CHAPTER- 33**  
**ARMY SERVICE CORPS**

**699.** The Army Service Corps is entrusted with the responsibility of provisioning, receiving holding, maintaining, inspecting, transporting, issuing and accounting of all ration articles, Hygenic chemicals and petroleum, oils and lubricants for the Armed Forces.

**700.** The ASC is administered and controlled by Director General of Supply and Transport (DGST) at Army Headquarters in accordance with the policy of Chief of Army Staff communicated to him (DGST) by the QMG. The administration and control of ASC in a Command and lower levels are as follows:-

|       |   |        |
|-------|---|--------|
| (i)   | In Command  | MG ASC |
| (ii)  | In Divisions/Areas  | DDST   |
| (iii) | Independent Sub Areas/<br>Independent Brigades,<br>Sub Areas etc. | ADST   |
| (iv)  | AT Corps HQrs.  | BASE   |

**701.** The organisation of Army Service Corps comprises in the Directorate of Supplies and Transport at AHQ of

- (i) A Director General of ST
- (ii) Two ADGs ST & Four DDGs ST
- (iii) ST1 Training Manpower Establishments
- (iv) ST 21 Perspective planning & OP logistics
- (v) ST 2 Service conditions, posting, transfers & promotion etc. of ASC officers
- (vi) ST 3 Stocking policy of Food Stuffs, Prov policy of Centrally purchased (CP) articles, Indenting, stocking, distribution and disposal of the following food items:- Milk products, veg Td and Veg Dehy, Onion Dehy, Pot Dehy, Fruit Td, Jam Td, Raison Brown, Egg Powder, Meals Ready to Eat (MRE) and survival Ration, special Rations for OP Meghdoot, Turnover of above mentioned items, LP of above mentioned items in case of failure of central sources, appeal Boards, Receive verdict from CFLs and issue Disp, Monitor dispatches, info CDP about slippages in Delivery Schedules, AWS-scrutinize demands, ensure timely movement and keep OL Dte. and QMG informed, Deal with all demands for expenditures.
- (v) ST-4 Forecasting and budgeting, under minor head 110-A in respect of Centrally purchased articles (Approx 500 crores), Control over expenditure on CP Articles and maint of monthly expenditure, Indenting, stocking, distribution of the following articles :- wheat and wheat products, rice, dals, sugar, salt, coal/coke, cheese and nutramul, tea edible oils, offrs' ration,



- hospital comforts, matches safety, misc stores, scrutiny of demands, prep of proposals to MOD, placement of indents on APO with delivery schedules and depot wise distribution, issue dispatch instructions, monitor dispatches, info CDP about slippages in delivery schedules, policy matters on grinding of wheat into atta, clearance of bills by PCDA/APO, DAIRYs.
- (vi) ST-5 Policy and procedure regarding conclusion of ASC contracts and local purchase of Fresh ASC supplies
  - (vii) ST-6 Policy and revision of scales of ration & ration allowances, Budget allotment for provisions (LP)
  - (viii) ST-7 Procedure for food inspection, maintenance of ASC, specification for centrally purchased food stuffs
  - (ix) ST-8 Organisation & Administration of CFL & food inspection units. Matters regarding Appeal and Appeal Boards
  - (x) ST-9 Budgeting, provisioning, holding, storage, disposal & quality control of FOL products
  - (xi) ST-10 Provisioning of holding storage, disposal and quality control of Hygiene chemicals & FOL containers.
  - (xii) ST-11 Organisation & Administration of AT, MT sponsor/ line directorate for GS 'B' Vehicles of the Indian Army
  - (xiii) ST-12 It is the personnel section of ASC, it deals with management of ASC personnel.
  - (xiv) ST-26 Arbitration/ court cases concerning ASC contracts in fresh items.

**702.** The duties of DGST are as follow:

- (i) Provisioning holding and issue of Supplies, FOL Hygiene chemicals & FOL containers for the Army and to a certain extent, for the Air Force and the Navy.
- (ii) Liaison with the Ministries of Food and Agriculture, Industry and Supply and Petroleum and natural gases for procurement of various items of Supplies and FOL.
- (iii) Provision for the Army of all general purpose transport, mechanical as well as animal, other than the transport integral to the various units.
- (iv) Provision of specialised transport like field ambulances, tank transporters, tippers and amphibian vehicles.
- (v) Control, operation, technical functioning and general administration of supply, FOL, MT, AT, and air despatch units.
- (vi) Planning for war and mobilisation plans for all types of ASC units.
- (vii) Postings and transfers of ASC officers and personnel.
- (viii) Control of the ASC catering and food inspection organisation and clerks ASC (GD) and (SD)
- (ix) Drawing of specification and inspection of all articles of ASC supplies except FOL and Hygiene chemicals.

- (x) Advise
  - (a) the QMG on all technical matters connected with the ASC
  - (b) the MS regarding officers of the ASC
  - (c) the AG regarding terms and conditions of service of all ASC personnel; and
  - (d) the General staff regarding technical training of the ASC personnel
- (xi) Irregularities and losses relating to Mess accounts, FOL accounting and rations.

**703.** The main functions of MG ASC are:

- (i) Executive control of the ST Branches at Command level and below.
- (ii) Conclusion of ASC Contracts sanctioned by QMG/Army Commander, where necessary, under their powers.
- (iii) Holding and maintenance of authorised stock of supplies FOL & Hygiene chemicals within the area.

**704.** The main functions of DD ST are as follows:-

- (i) Executive control of the ST Branches under Area and Sub-Area.
- (ii) Conclusion of station and sub-area level contracts for the supply of ASC items.
- (iii) Holding and maintenance of authorised stocks of supplies and POL within his area.
- (iv) Ensuring that there is no overstocking or undue transfer of supplies etc. between depots.

**705.** The functions of ADST in a Sub Area are:

- (i) Adviser to Sub Area Commander on all S&T matters.
- (ii) Conclusion of all contracts in his sub-Area and ensure that they are run to the best advantage of the State.
- (iii) Responsible to his Commander for the efficient working of all ASC Units in the Sub Area.
- (iv) Maintaining up-to-date information of local supply and transport resources.

**706.** ASC supplies are of four distinct categories viz.

- (i) Central Purchase Articles
- (ii) Local Contract Articles
- (iii) Local Purchase Articles
- (iv) Bread, Fodder and Milk fresh

**707.** (i) The Central Purchase articles are classified into:

- (a) Supplies of Articles which are arranged/ purchased by Army Purchase Organisation/ Canteen Stores Department such as Atta, dals, rice, tinned items, rum etc. based on indents placed by DGST.

- (b) **Hygiene chemicals** – Purchased by DGST by tendering.
  - (c) **Coal and Coke** – arranged by the Ministry of steel, Mines and Fuel against demands placed by MGASC Commands, direct under advice to DGST
  - (d) **Fuel** Purchased by DGST from PSU oil companies through rate contracts.
  - (e) **Lubricants & Greases** purchased by DGST by tendering
- (ii) Procedure for the procurement etc. of Central Purchase Articles are contained in Chapter 27 of the Manual.

### **Local Contract Supplies**

**708.** All the articles of ASC Supply as given in the Compendium of ASC specification, other than those which are centrally procurable are procured through local contracts made and sanctioned by CFAs from time to time. The financial powers of executive officers and sanctioning authorities are contained in Ministry of Defence letter No. 68063/Q/ST5/4799/D(QS) dated 15<sup>th</sup> September 1989 as amended from time to time.

### **Local Purchase Articles**

**709.** (i) Local purchase of ASC articles are made in the following circumstances:

- (a) Purchase of articles of Central supply due to temporary or unexpected shortages when stocks cannot be arranged through Chief Director of Purchase or the Director General of Supplies and Disposals.
- (b) Purchase from time to time of articles for which the demand is so spasmodic that neither central nor local contract can be made.
- (c) Purchase of articles of central supply when the stock of such articles and its substitutes has been completely exhausted.
- (d) Purchase for troops on the line of march or in camps or during exercises, when the normal method of supply cannot function.
- (e) Purchases of articles the demand for which is so small that it is not economical or desirable to obtain requirements from the normal sources of supply.
- (f) Purchase at risk and expense of contractors when they fail to supply the demand placed on them in accordance with the terms of the contract.
- (g) Purchases made when the tenders received for local contract supplies, are found unacceptable.
- (h) Purchases made in an emergency when supplies have to be delivered to troops at out of way places which cannot be supplied by rail, road or where procurement by contract is impracticable.
  - (i) Purchases of requirements of troops in operational areas, when necessary.
  - (ii) Local Purchases are made through/ on
    - (a) Short term Agreement in IAFZ 2123 with the approval of CFA.
    - (b) Supply Orders in IAFZ 2135

(c) Cash payment

**Audit of Contracts**

**710. (i) General**

- (a) The ASC Contracts accepted by the QMG/GOC-in-C/GOC etc. for supply of fresh supplies and other miscellaneous articles are arranged to be effected by DDS&T and ADS&T. These contracts are concluded based on the 'Procedure for conclusion of ASC Contracts (Fresh supplies) issued by Ministry of Defence under letter No. F.12(I)83/D(OS) dated 6<sup>th</sup> August 1983 as amended from time to time. These contracts are scrutinised in test audit in the respective contract executing offices.
- (b) For the purpose of conclusion of ASC Contracts Contractors are enlisted by the ASC with reference to the financial soundness of each contractor. Tenders are issued to enlisted contractors and the contract is concluded based on the lowest tender received thereon.
- (c) Sanction of contracts by QMG involving concurrence by Ministry of Finance (Defence) and approval of Ministry of Defence normally results in some time lag. During the audit of the office of the Contract concluding authorities viz. MG ASC/DDST/ADS&T it should therefore be examined to ensure, that action has been taken by those authorities well in advance in calling for tenders etc, so that regular contracts are concluded after sanction by the CFA and that they are made effective from the day following the day on which previous contract for the supply of that article expires. If there is any delay in concluding the contract, the particulars of the gap period during which no contract was operative should be collected for further examination in the concerned Supply Depots While examining the case further in the concerned Supply Depots it should be seen as to how supplies were effected during the No-Contract period and whether there was any loss to the State on account of the delay in concluding the contract. Repeated delays in conclusion of the Contract Agreement should be collected with a view to highlighting the same.
- (ii) During the audit of ASC Contracts it should be ensured that:-
  - (a) adequate publicity has been given in calling for tenders;
  - (b) reasonable time (Normally 4 weeks notice from the date of issue of call notice and opening of tenders) has been allowed to contractors to submit their tender. (In case of re-tender this period can be reduced to 2 weeks);
  - (c) the notices of tender do not differ from each other in respect of scope of items of supply, the conditions and value of supply;
  - (d) the contract entered to with the successful tenderer does not show any departure from the terms of notice;
  - (e) Average Local Market Rate (ALMR) is ascertained for the items for which contract is concluded and the rates are counter signed by the OC Station.
  - (f) a panel of officers consisting of Executive Officer as specified for different contract sanctioning authorities and the representative of Formation Commanders at appropriate level and CDA has been formed to examine

the tendered rate (Para 69 and 70 of Ministry of Defence letter dated 6.8.83 refers);

- (g) reasonable rate once fixed is not revised;
- (h) reasonable rate is determined by the panel of officers constituted;
- (i) in case of revision of reasonable rates, due to unavoidable circumstances justification for the same is given in the panel proceedings;
- (j) in case of where the recommendation of the panel of officers are not unanimous, retendering is ordered by the authorities one above the CFA.
- (k) the additional tender has not been called for;
- (l) in the case of lowest tender rate is higher than RR (Reasonable Rate) offer is made by the panel of officer only to the lowest tenderer for negotiations;
- (m) in case identical lowest rates are obtained from more than one tenderer either at the time of opening of tender or after the invitation offer, another invitation offer is made to the tenderers who has quoted identical rates;
- (n) no contract with Central/ State Government undertakings or Corporations or State sponsored Growers Co-operative Society or State level Apex Society is concluded without floating open tenders;
- (o) no negotiated contract is concluded;
- (p) contract is concluded based on lowest tender;
- (q) in case tender other than the lowest is accepted reason is recorded;
- (r) time limits and the radius within which the contract would be in force are clearly defined;
- (s) no contract involving an uncertain or indefinite liability or any condition of an unusual nature has been entered without the previous consent of the CFA;
- (t) in respect of contract for vegetables and fruits, the requisite group percentage are specified as laid down from time to time.
- (u) in the case of contract for purchase of meat, the contractor is holding reserve live animals for certain number of days as contemplated in the agreement;
- (v) the skins of animal slaughtered are disposed of to the best advantage of the State.

(iii) When a tenderer resiles from his offer or modifies his offer within the validity period and before issue of acceptance note, earnest money deposited by him becomes liable to be forfeited in terms of clause 9 of IAFS 2137. Forfeiture of earnest money, on this account is legally sustainable. It should, therefore, be seen that in the case of default of the nature, earnest money deposited by the tenderer is forfeited and that sufficient reasons are on record for having not imposed the penalty.

(iv) In case security deposit is not lodged by the contractor within the stipulated period after a tender has been accepted, it should be seen that earnest money is forfeited in such cases.

(v) When a contract is rescinded under clause 8 of IAFZ 2120 it should be ensured that the amount of security deposit forfeited by Government is taken into account while assessing the compensation or damage to be recovered from the contractor.

(vi) (a) Cases have been noticed where the contracts were terminated instead of being rescinded resulting in:-

- 1) the extra expenditure incurred by way of risk and expense purchase being legally not enforceable in a court of law.
- 2) the forfeiture of security deposit being not legally enforceable.

(b) Cases of the nature, if any, noticed should be examined in detail with a view to highlighting the same.

### **Arbitration**

**711.** (i) Arbitration cases of ASC should be examined in the respective DDST/ADST. The arbitration proceedings leading to the publishing of award should be examined to see that:

- (a) the demand for the arbitration was made in writing within six months from the date of termination of the contract.
- (b) the arbitrator has given reasons for the award in all the cases where the amount of claim of dispute is Rs 30,000/- and above.
- (c) the award is published within a period of four months from the date of appointment of the arbitrator.

(ii) While examining arbitration cases the award published by the arbitrator should be scrutinised with the claims and counter claims of the department and the contractor to find out whether the amount is awarded due to the failure of the ASC.

### **Supply Depots – Main functiones**

**712.** (i) Functions of Supply Depots

- (a) To receive articles of ASC Supply
- (b) to hold ASC stocks as may be determined from time to time.
- (c) to issue items of ASC supply
- (d) to operate ASC bakery and ASC butchery, &
- (e) to hold and issue POL at stations where petroleum platoons do not function.

(ii) While the MGASC/DDST/ADS&T conclude contract for local contract supplies, the following categories of depots receive, maintain and issue stocks of articles of central purchase, local contract purchase and local purchase:

- (a) Army Base Stores Depot
- (b) Rail Head Supply Depot
- (c) Field Supply Depot
- (d) Supply Depot (for peace area)
- (e) Supply Point, Supply Platoons, Comp. Platoons.

(iii) Articles of ration are also issued on payment to the entitled personnel. In big stations the work of issue of rations on payment is done by Retail issue Shop.

(iv) Each Supply Depot is categorised as Type A to G according to number of troops catered for and holdings based tonnage.

(v) Supply Depots are further divided into groups each holding a given number of days supplies pertaining to that group. The number of groups are dependent on the holding, capacity, authorised stocks, construction and lay out of each depot. Broadly, the items of ASC supplies are grouped into following categories.

- (a) Basic Group :- Atta, Flour, Rice, Sugar, Dals, Suji, Salt, Hydrogenated oil etc.
- (b) Necessaries Group:- Milk tinned, Jam/Fruit/Potatoes tinned, tea, biscuits, Coffee, tinned vegetables, tinned fruits, matches safety, Meat tinned etc.
- (c) Fresh Supplies Group:- Vegetables fresh, potatoes, onions, meat fresh, fish fresh, Chicken, eggs, fruit fresh etc.
- (d) Grain Group:- Barley, Gram, Maize, Bran, Oats Grit etc.
- (e) Fodder Group:- Hay baled/ loose, bhoosa, oil-cake, Paddy strand etc.
- (f) Fuel Group:- Coal steam/ hard, coke soft/ hard charcoal, firewood etc.
- (g) Hospital Group:- Sago, Custard powder, Horlicks chocolate, barley, Cocoa etc.
- (h) Packing Material Group:- Bags, Tea chests, wooden case, Jerricans, barrels.
- (i) FOL Group (where no petroleum platoon or depot is located in the same station) Aviation Gasolines of different grades, diesel, grease, Kerosene oil, LPG etc.
- (j) Hygiene Chemicals Insecticides, pest control items, disinfectant items, foot powder etc.
- (k) Miscellaneous Quick lime, Garlic, Turmeric, Ginger, pepper etc.

(v) In addition all depots have a receipt and despatch section which deals with all receipts into and issues out of the depot by rail and road and also local issues of dry supplies and receipt of fresh supplies from the contractors.

(vi) There is also a Detail issue Section which deals with the issue of fresh supplies to local units and a Detail Issue Depot/ Retail Issue Shop for the issue on payment of dry and fresh supplies to entitled personnel.

(vii) Supply Depots which have no rail facilities at or near the depot, a Railway Section (wing of R&D Section) is established at the railway station to take over stores from the railway authorities and despatch them to the depot through R&D Section, Similarly, for despatch of stores by rail, the Railway section takes all necessary action in respect of stores received from the R&D Section.

(viii) Neither the R&D section nor the Railway section holds any stores on charge. They are merely transit sections.

(ix) While auditing the accounts of Supply Depot the provisions contained in Army Local Audit Manual, Store Accounting Instructions and financial powers as laid down in FR Part I should be kept in mind.

### **Stock and Storage in Supply Depot**

713. (i) The quantity of stores to be held by each Supply Depot is prescribed by Army HQrs. GOC - in - C Commands/ GOC Areas are responsible for the upkeep and turnover of all articles of ASC Supply held in the areas under their Command and

ensuring that no stocks of un-authorised articles are held and quantities of articles authorised to be held are not exceeded throughout the year except by temporary increase to meet local requirements for manoeuvre etc.

(ii) The method of storage of articles of ASC supply is dependent mainly on local climatic conditions and tendency to deterioration of the article.

### **Receipt of stores in Supply Depots**

**714.** (i) (a) Central Purchase Articles to be held by Supply Depots are procured through:

- (1) Purchases made centrally in accordance with periodical indents placed by the DGST AHQ on Army Purchase Organisation (atta, flour, suji, dals etc.)
- (2) DGS&T (Matches safety, hygienic chemicals) and
- (3) Local purchase of hospital comfort items through Canteen Stores Department.

(b) Supply of fresh items such as vegetables, fruits, etc. including meat are procured by concluding local contracts.

(c) Supply of articles under local purchase

(ii) For the purchase of supplies/ stores locally and also for the payment of ASC Contractors bills for fresh supplies and firewood to the extent of 90% where contractors opt to receive such payments, Supply Depots are authorised to hold Supply and Services Imprest under the specific authority of GOC-in-C of the Command in peace conditions & Area/ Force/ Corps. Commander under field conditions. These S&S Imprest cash books are to be audited and in auditing these cash books the points brought out in para 530 of this manual should be borne in mind.

### **Issue of supplies to Units and formations**

**715.** (i) The scales of issues of articles of ASC Supply are contained in Scales of Rations and Supplies (SRS).

(ii) Normally dry rations (i.e. supplies other than fresh supplies) are issued by Supply Depots to units fortnightly. For this purpose the units prepare indents and submit four/ five copies of indents to the Supply Depot. After the indent has been checked the Supply Depot completes the issue column (the quantities issued need not be the same as indented for) and return one copy to the unit for bringing the same on the day of drawing rations, another copy is given to the unit by R&D Section with the certificate of issue to support its ration return.

(iii) The following documents are normally maintained in a Supply Depot:

- (a) Central Ledgers (IAFZ 2109) for various group including packing materials.
- (b) Daily Balance Statements (IAFZ 1531)
- (c) Register of Depot Contingencies (IAFS 1582)
- (d) Depot Contingent Return (IAFA 173)
- (e) S&S Imprest Cash Book
- (f) Grain and Fodder Register
- (g) Register of Losses



(h) Register of Railway claims

(iv) Receipt and issue of ASC articles are recorded in Central Ledgers (IAFZ 2109) maintained for each group of articles duly supported by daily statements prepared on IAFZ-1531. Apart from the general instructions relating to audit of store accounts brought out in para 532 of this Manual the points that should be specifically looked into are:-

- (a) that no stock in excess of the authorised limit is maintained and that no unauthorised stocks are held;
- (b) that stores for contingent purposes are not obtained in excess of actual requirements and the unnecessary accumulation of such store is avoided;
- (c) that the authorised maintenance stocks are not exceeded during the course of the financial year, except for temporary increases to permit forward buying in bulk and economical deliveries by the APO and to meet local requirements for manoeuvres and unforeseen emergencies;
- (d) that articles which are easily liable to deterioration while in stock are turned over before such deterioration occurs;
- (e) that Government weights and measures are used while receiving fresh supplies like vegetables, fruits etc. from the contractors. The use of the contractors weighing machine is prohibited;
- (f) that supplies with warranty period are consumed within the period;
- (g) that supplies issuable direct to units (like ice) are not routed through the depot;
- (h) that adequate protection of stores against unfavourable weather conditions as laid down in ASC Training Volume II Pamphlet No, 7 have been taken by the Depot authorities and no loss of stores occurs due to violation of preventive measures and defective storage;
- (i) that hospital comforts items not in stores are procured through CSD and local purchase is resorted to only in the case of non-availability of the items in CSD;
- (j) except sugar, which is to be accounted for and issued to units at actual weights, all other issues of dry rations are made in full bags or cases. It should be seen that on all bagged supplies issued on payment, losses occurring when making retail sales to customers do not exceed permissible limit of 1.5 per cent;
- (k) in the issue of fruits fresh the correct formula for conversion of citrus to non-citrus is adopted.

(v) In addition to the points referred to above, the audit parties should also examine the complaints received by OC Supply Depot from the units with regard to quality of articles issued to them to ascertain the causes of deterioration/decomposition of food stuffs issued.

(vi) Inter- depot transfer of stores ordered by the competent authorities should be examined in detail to see whether such transfers were at all necessary. As the Inter depot transfers ordered involves expenditure to the state by way of handling and transportation charges, ordering of such inter depot transfers without there being a necessity for such transfer should be objected to. If in case the stores/ supplies transferred are held in stock in the transferee depot for a number of months and where

transfer of such stores and retransfer back to the transferor depot would tend to prove the non-existence of such necessity for transfer, such cases should be looked into and objected to in audit. Instances may also arise where transfers might have been effected because of sentence by CFL about the limited nature of shelf life. In such cases receipts should be examined to find out whether such a position could have been avoided by timely action.

(vii) It should be ensured that the turnover of the supply/ stores are effected in such a way that the said supply/ stores are issued and consumed within the shelf life of such stores. Non issues and non consumption of supply within the shelf life should therefore be examined and objected to.

### **Coal and Coke**

**716.** (i) Coal and Coke are procured for the Defence Services based on the half yearly demand placed by Command Headquarters/ Chairman Ordnance Factory Board/ Navy and Air Force on 107 Defence Coal Cell, Calcutta. Before despatch of coal and coke from the colliery 114/117/119, Despatch/ Inspection Team ASC as the case may be, carries out inspection and 100% weighment, in the presence of Defence, Coal field, Railway representative, and sends it to the consignee. The Despatch/ Inspection Team then ensures that Railway receipts, are sent to the consignee by fastest means. 7 copies of Despatch-cum-Inspection Note are prepared by the Despatch/ Inspection Team and distribute the same as follows:-

- (a) Coal field – 3 copies for distribution as
  - 1) One copy in support of their 98% payment bill to CDA (Fys) Calcutta.
  - 2) One copy to consignee along with balance 2% payment bill.
- (b) Deputy Director of Coal (Army) – One copy.
- (c) Regional CDA – 2 copies for linking and audit at the consignee end.
- (d) Office copy

(ii) Normally supplies of coal/ coke are received in open wagon only. As the despatch of Coal/coke are done by the Defence Despatch Inspection Team, ASC, no loss or shortage of Coal are made good by Coal fields. If in case the entire consignment itself is not received a claim will be preferred on the railways within six months of the date of despatch.

(iii) The Coal/ Coke received are issued to user units on a fortnightly basis. When the Coal/ Coke are issued the Coal Dust accumulated are accounted for separately and disposed of through public auction. It should therefore be seen while auditing Central Registers for Coal/ Coke that:

- (a) Coal dust accumulated are disposed of to the best interest of the State
- (b) Coal dust returned by Units are accounted for
- (c) In case of non receipt of wagon, claim is preferred on the railways within six months.
- (d) Coal/Coke are turned over regularly and not kept in stock for long.

### **Registers of Depot contingencies (IAFS – 1582)**

**717.** (i) In this register all expendable articles (from what ever source received) required for use in connection with the receipt and despatch of stores and for general interior economy, are accounted for by the Quarter-Master of the depot.

- (ii) This register should be scrutinised to see:-
  - (a) that the stores required for the purpose, were obtained free from Military Supplying Department on 'as required' basis;
  - (b) that stores have not been obtained in excess of requirement;
  - (c) that acme steel seals have been accounted for by weight and not by numbers;
  - (d) that opening balances agree with the closing balances of the previous month;
  - (e) that stores struck off in any one month as issued are accounted for in that months contingent return.

### **Depot Contingent Return (IAFA –173)**

**718.** It should be seen that:-

- (i) any charge debitable to office contingencies is not included therein;
- (ii) each item of contingent expenditure has been sanctioned by the CFA;
- (iii) daily performance of labour is commensurate with the limits laid down;
- (iv) There is no abnormal variation between hired labour and transport and the tonnage actually handled;
- (v) no salary of permanent and regular establishment is included in the return;

Note : This check will be exercised with reference to the details of jobs performed on each day by the labourers as recorded in the Labour Register maintained by each group (Appendix III of ASC Training Manual Volume II (DADS No. 832/D/Stores/23/51 dated 19<sup>th</sup> May 1952).

- (vi) that the daily rates of wages paid in the Supply Depot compare favorably with the rates paid by local civil authorities for similar jobs.

### **Packing Materials**

**719.** Packing Materials received in or issued from the depot are entered in a register maintained by the PM Group. In case of receipt/ issue of packing material with stores, the same is accounted for by the concerned ledger group. It should be seen that:-

- (i) short receipt of empty packing material from the units are reported to R&D section and packing material of equivalent amount vouchered to units on their demand;
- (ii) any surplus receipt of packing material is acknowledged on a separate voucher;
- (iii) the percentage of bailing material returned by units or by the Supply Depot to Military Farm is not less than;
  - Wire ties – 85%
  - Hoop Iron ties – 90%
  - Hessian Covers – 90%
- (iv) no credit is afforded to the purchaser (issue on payment basis) for the return of packing material.

720. While auditing supplies relating to contracts for vegetables and fruits, it should be seen that the flow of supplies is maintained according to authorised proportion of the varieties of articles as specified in the contracts and that cheaper varieties are not supplied in excess of such proportion so as to be of financial advantage to the contractors.

721. It should be seen that when substitutes are issued by the Supply Depot the condition as prescribed in A.I. 10/S/76 are adhered to.

### **Payment Issues**

722. (i) It should be seen that authorised articles are supplied on payment to entitled personnel only through the ration drawing unit to which they are attached, and not by the Supply Depot direct. It should be ensured that there is no under recovery from them due to late receipt of amendment to Stock Book Rate list;

(ii) special packing materials used with payment issues have been distinctly shown in the voucher and cost thereof included for recovery;

(iii) departmental and additional charges wherever leviable have been correctly charged.

(iv) the procedure relating to testing of weights and scales laid down in para 57 of ASC Regulation 1950 has been followed.

723. Local Purchase of ASC items should be scrutinised to see that:

(i) purchase of Centrally Purchased items are restricted to meet day to day requirements;

(ii) only in exceptional cases purchases to the extent of 15 days requirement are made;

(iii) whenever possible all purchases are done ex-CSD;

(iv) in case of non-availability item in the CSD of one Command, purchases should be made preferably from CSD at the nearest Military Stations and despatched to stations of consumption on Military Credit Note;

(v) when the item is not available in CSD a non-availability certificate is obtained from CSD duly signed by Depot Manager;

(vi) LP is made from Central/State Government Co-Operative Stores, Public Sector Undertaking, Co-operative Apex Bodies, Private trade would be the last resort;

(vii) processed food stuffs, purchased ex-CSD is not older than six months when consumed;

(viii) all purchases for requirement of more than 15 days immediate consumption of bagged supplies and one month for tinned items are obtained only after fit verdict by Composite Food Laboratory;

(ix) that the purchase is authorised by a CFA (Financial powers to various CFA for LP of Centrally Purchased items are given in DG ST Technical Instructions 12/89).

(x) all local purchases are made by the Board of Officers detailed by Station Headquarters for the purpose;

(xi) local market rate was obtained by the Board of Officers from the market and the rates so obtained have been authenticated by the OC of the Station;

- (xii) all local purchases were made at the prevailing market rate;
- (xiii) when purchases at local market rate was not possible, purchases were made at competitive rates which would not exceed the prevailing market rate by more than 10%;
- (xiv) if due to exceptional circumstances the purchases could not be made at prevailing market rate plus 10% purchases are made at lowest rate available;
- (xv) in case of LP at the lowest rate available as indicated in para (xiv) above, prior approval of next higher authority was obtained for such rate;
- (xvi) local purchase of centrally purchased articles were effected only on exhaustion of maintenance stock and not for any other contingency like advance/ winter/ monsoon stocking.
- (xvii) LP were made after all avenues have been explored on balancing the stock within the Command and after approaching DGST for inter Command transfer.

**724.** Local purchase of ASC articles due to delay in finalisation of contract agreement should be scrupulously examined in audit, and any extra expenditure involved in the LP commented upon.

**725.** Army Officers and JCOs when posted in field areas are entitled to draw cash allowance instead of condiment in kind. Issue of condiments in kind to Army Officers and JCOs in field should be looked into and objected to in audit.

### **Loss Statements**

**726.** the register of losses maintained by the Supply Depot should be scrutinised to see that:

- (i) losses were not written off piece-meal to avoid obtaining sanction of a higher financial authority;
- (ii) surplus were not set off against deficiencies;
- (iii) they do not disclose any defect of system or breach of accounts/ rules and that proper steps were taken to prevent recurrence of such losses;
- (iv) LS was not prepared for deterioration of the item within the warranty period;
- (v) the LS has been sanctioned by the competent authority;
- (vi) Loss Statements have been prepared and sanctioned by competent authorities in respect of losses due to:
  - (a) wastage exceeding 1% on crushing grain
  - (b) cutting up allowance exceeding 5% in respect of meat fresh issued to personnel not dining in unit messes.
  - (c) evaporation in excess of 2% of kerosene solution during preparation of DDT
  - (d) losses exceeding 5% in respect of grinding maize whole into maize meal.

## **Railway claims**

727. In all cases of losses/ damages of stores in transit, the losses/ damages would be assessed in the presence of a representative of the railway and a railway claim is preferred thereon. While auditing the railway claims it should be seen that;

(i) the loss was assessed by Board of Officers in the presence of railway representative;

(ii) in cases of rejection by railways of claims the loss was regularised in the form of a LS;

(iii) in case of part acceptance LS was prepared on the balance amount not accepted by the railways.

(iv) While assessing claims against railways the value of the goods includes cost, its packing, freight charges etc.

## **Hired Transport**

728. Where the Officer Commanding, the Depot is also the Transport Officer, it should be seen that accounts etc. relating to Transport Office Station mentioned in para 775 (iii) of this manual are maintained. The records pertaining to Hired Transport will also be audited as per para 775 (iii) of this manual.

## **Workload vis-à-vis Manpower**

729. (i) Supply Depots are categorised as types A to G based on troop strength for which it caters for and tonnage held. The issue details handled by each Supply Depot as also the tonnage held by the depot should be examined to see whether there is sufficient justification for the continuation of depot as categorised.

(ii) Based on the norms prescribed for each type of depot, man power is also authorised for each depot. The manpower authorised for the depot should be scrutinised with reference to issue details for the troops strength catered for by Supply Depot and the tonnage held by the depot to justify the staff strength.

Ration, FOL, Ordnance, Equipment, Clothing, Conservancy, Amenity, Fixed Dead Stock, and S&S Imprest Account.

730. The records maintained by the depot as a consuming unit will also be subjected to audit as prescribed in chapter 28 of this Manual.

### **731. (i) Storage and accounting of FOL**

(a) The following types of FOL units exist in peace stations

- (1) Reserve/Bulk Petroleum Depots
- (2) Petroleum Depots or Petroleum Platoons
- (3) Petroleum Contract Platoons

(b) In stations where FOL depots do not exist the functions of the FOL Depot are carried out by the Supply Depot concerned.

### **(ii) Reserve/ Bulk Petroleum Depots**

Accounting of FOL is done in the following forms:-

(a) IAFZ 2255 – Tank Wagon/ Lorry despatch and Discharge Report

This form is used for all despatches, in bulk, of MT aviation Gasoline etc. R&I vouchers (IAFZ 2096) will not be prepared when the above form is used.

(b) IAFZ 2256 (Storage tank tally sheet)

This form will be maintained by the FOL Group for each storage tank in use and will be kept at the tank or battery and entered up at the time each dip or transaction takes place.

(c) Daily Stock Report of MT/Aviation Gasoline (IAFZ 2257)

1. This comprises of
  - a) Daily stock report of bulk storage
  - b) Daily abstract of issues from bulk storage
  - c) Packed stock account
  - d) Container Account (Serviceable only)
2. This form is compiled daily in duplicate to include all transactions on that day.

(d) Daily summary of MT/ Aviation Gasoline/ Aviation turbine Fuel stock including containers (IAFZ 2258)

This form acts as a ledger in summary by days. It gives closing balances daily of (vide IAFZ 2257).

1. Bulk Stocks
2. Packed stocks
3. Total of all filled and empty containers
4. Total of receipts and issues for the month
5. Total of losses-transit and store-details of this in the loss Register

(e) Register of Losses (IAFZ 2259)

In this register various losses by categories are recorded as they are classified. During the audit of the accounts of Reserve/ Bulk Petroleum Depot it should be ensured that:

- 1) the standard temperature system of accounting for petrol has been adopted correctly as prescribed;
- 2) when despatches are made by tank lorry, a temporary receipt from the driver of tank lorry on the office copy at the time of issue is obtained. This is to bridge the gap until the formal receipt is returned;
- 3) dips are taken at the start of the days work and again at the close of work in those tanks which have been disturbed by any transaction and entered in IAFZ 2256.
- 4) in respect of tanks which are not being worked, dips are taken once a week;
- 5) daily transactions have been correctly recorded in the relevant document and that these documents have been posted to ledger (IAFZ 2258);
- 6) when FOL in bulk is broken up into the packed stock, the same is accounted for at their natural gallonage and losses sustained in filling is accounted for when in bulk at standard temperature.

- 7) losses are not written off when they are discovered but only when the loss statements have been made out.

**(iii) Other FOL Depots**

- (a) In these depots, FOL is accounted for in
  1. Requisition for FOL IAFS 2206
  2. Issue Order – IAFS 1619
  3. Daily Statement – IAFZ 1531
  4. Central Ledger – IAFZ 2109
- (b) During the audit of various documents of FOL depot it should be seen that:
  1. daily transactions are correctly posted in the ledger;
  2. the transactions recorded in the daily statement (IAFS 1531) are supported by issue orders (IAFS 1619) and the individual indent;
  3. payment issues of FOL to individuals have not been made from FOL Depot;
  4. prior sanction of AHQ is obtained for disposal of unserviceable containers locally;
  5. when large surplus of unserviceable containers exist, the same have been despatched to the nearest Salvage Depot.

**Food Inspection Units**

732. (i) A Food Inspection Unit/ Composite Food Laboratory is responsible for the:

- (a) operation of contracts for centrally purchased items;
- (b) inspection of the goods tendered by contractors against Army Purchase Organisation Contracts;
- (c) acceptance of food stuffs tendered under (b) by Contractors if upto ASC specification and their despatch as per instruction issued by AHQ.
- (d) advice on pest control;
- (e) categorisation and scrutiny of Command stock regarding shelf life.

(ii) It should be seen in audit that:-

- (a) no consignment which has been recommended by CFL to be accepted on reduction in price has been despatched or taken on charge till the price has been decided.
- (b) the quantity of stores charged off as 'samples' is supported by an expense voucher (IAFZ 2096) signed by the OC of the CFL;
- (c) the samples of accepted consignment has been handed over to the nearest Supply Depot on an issue voucher;
- (d) the samples of rejected consignment against which no appeal has been preferred have been destroyed under the supervision of the officer;
- (e) the remnants from original samples of accepted consignment and from samples sent for periodical sampling for estimated storage life have been sent to the nearest Supply Depot and those in open tins have been disposed of by sale to entitled personnel at prices fixed by the laboratory;



- (f) the sales have been accounted for in the sale register which should be checked with reference to the cash receipts (IAFA-175);
- (g) the daily cash realised has been accounted for in cash book and credited to Government without any delay;
- (h) It should be ensured that there is no undue delay in inspecting a consignment.

**List of books to be consulted**

1. Army Local Audit Manual
2. Store Accounting Instructions
3. Financial Regulations Part I
4. ASC Regulations
5. ASC Training Volume II
6. Technical Instructions issued by DGS&T from time to time.
7. Ministry of Defence letter No. 68063/Q/ST-5/4799/D(QS) dated 15.8.89 amended from time to time. Powers for sanctioning and concluding ASC Agreements
8. Ministry of Defence letter No. F.12(1)/83/D(OS) dated 6<sup>th</sup> August 1983 as amended from time to time Procedure for Conclusion of ASC Contracts (Fresh).

## Annexure –‘A’

### Extract from SOP DGS&T 11 QMG Branch – New Delhi

#### Constitution of TPC

29. Pursuant to delegation of Central Purchase Powers to QMG, as aforesaid, the TPC for various items are constituted as detailed below:-

(a) Upto Rs 25 lakhs.

- |                             |   |              |
|-----------------------------|---|--------------|
| (i) DDGST (FT)              | - | Chairman     |
| (ii) JDST (F)               | - | Member       |
| (iii) IFA (Army) or his rep | - | Member       |
| (iv) SSO-1, ADQA/Rep DGQA   | - | Tech Advisor |

(b) Above Rs 25 Lakhs to Rs 1.00 Cr.

- |                             |   |              |
|-----------------------------|---|--------------|
| (i) ADEGST (A)              | - | Chairman     |
| (ii) DDGST (FT)             | - | Member       |
| (iii) IFA (Army) or his rep | - | Member       |
| (iv) DQA(S)/Rep DGQA        | - | Tech Advisor |
| (v) DDGST (FT)/JDST (FT)    | - | Member Secy  |

(c) Above Rs 1.00 Cr. to Rs 1.50 Cr.

- |                          |   |              |
|--------------------------|---|--------------|
| (i) DGST (A)             | - | Chairman     |
| (ii) ADGST (FT)          | - | Member       |
| (iii) IFA (Army)         | - | Member       |
| (iv) DQA(S)/Rep DGQA     | - | Tech Advisor |
| (v) DDGST (FT)/JDST (FT) | - | Member Secy  |

(d) Above Rs 1.50 Cr. to Rs 20.00 Cr.

- |                      |   |              |
|----------------------|---|--------------|
| (i) QMG              | - | Chairman     |
| (ii) ADGST (FT)      | - | Member       |
| (iii) Addl. FA(Q)    | - | Member       |
| (iv) DQA(S)/Rep DGQA | - | Tech Advisor |
| (v) DDGST (FT)       | - | Member Secy  |

30. The cases of value Rs 20.00 Crores shall be dealt with due approval of MOD and the TPC for the same would constitute as under:-

(a) Above Rs 20.00 Crs.

- |                      |   |               |
|----------------------|---|---------------|
| (i) JS(O)            | - | Chairman      |
| (ii) Addl. FA        | - | Member        |
| (iii) ADGST (FT)     | - | Member        |
| (iv) DQA(S)/Rep DGQA | - | Tech Advisor  |
| (v) DDGST (FT)       | - | Member (Secy) |

#### Holding of TPC Meeting

31. After the tenders are scrutinised from all angles, the Tender Processing Committee are constituted keeping in view the purchase power of the competent authority which takes place on a scheduled date.

32. Attention is also drawn to the CVC guidelines vide its letter No. 8(1)(h)/98910 dated 18.11.1998, as circulated by MOD under Dy. No. 976/US(O-1)-E/98 dated 18.12.98. The operative part of which is reproduced hereunder:-

“2.4 Tenders are generally a major source of corruption. In order to avoid corruption, a more transparent and effective system must be introduced. As post tender negotiations are the main source of corruption, post tender negotiations are banned with immediate effect except in the case of negotiations with L1(i.e. Lowest tenderer).”

33. As far as possible the guidelines of CVC cited above shall be followed strictly. However, in case, if the competent authority/ TPC is of the view that the offer of lowest tenderer do not merit consideration for award of contract due to its reliability, past experience, now in the field and keeping in view the urgency of requirement, the other offers may be considered for negotiation and award of the contract if so required.

### **Guiding Factors For TPC Meeting**

34. A std draft letter for calling tenderers to negotiations is given in Appx ‘J’.

36. No indication should be given to the firm(s) that agreement or conclusions reached at the negotiations are conclusive and binding. These shall be subject to the approval of the competent Financial Authority.

### **MINISTRY OF DEFENCE**

**Subject : PROCEDURES FOR DEFENCE PROCUREMENT**

**M&D ID Dy No. 5774/JS/(P&C)/6167/AS(D)/98 dated 16/12/1998**

The Central Vigilance Commission vide its letter No. 8(1)(h)/98(1) dated November 18.1998 has circulated guidelines with respect to procurement procedures that shall be followed in the Ministry of Defence henceforth. The guidelines that are to be followed are reproduced below.

“2.4 Tenders

“2.4 Tenders are generally a major source of corruption. In order to avoid corruption, a more transparent and effective system must be introduced. As post tender negotiations are the main source of corruption, post tender negotiations are banned with immediate effect except in the case of negotiations with L1(i.e. Lowest tenderer).”

2. The above stated guidelines supersedes all existing guidelines, instructions and procedures including those circulated vide MOD I.D. No. 1(1)/01/PO (Def) dated February 28, 1992 particularly with respect to the paragraphs reproduced below on conduct and activities after commercial bids are opened in defence procurement cases.

18.1 A two bid system of obtaining Technical and Commercial bids should be followed. Thus, before the latter bids are opened, due consideration shall be given to the acceptability of the variations/ differences, if any, in the technical characteristics

of the equipment offered by various suppliers. By following such procedure, once the price bids are opened, a conclusive and objective view on the lowest bid will not allow scope for any allegation that extraneous factors had been brought to influence the decision in favour of a particular party. Wherever possible (keeping the security and other relevant aspects in view), wide publicity may be given to the proposed procurement through open advertisement in Newspapers and reputed trade journals and sealed tenders invited with a view to generating maximum competition (such procedure may be appropriate for standard items of purchase but unsuited to the acquisition of sensitive equipment weapons systems).

18.2 The offers received should be placed in a box which shall be locked and sealed and opened on notified date/time, by the members of the PNC, in the presence of the bidders or their authorised representatives as may choose to be present.

18.3 It must be made clear during the negotiations with the competing firms that their best technical/ financial offers should be made by a stipulated date after the initial price negotiations and that thereafter, they would not be allowed to make any changes in their offers which would be taken as final. Fixing of such a deadline would impart the requisite degree of seriousness to the process of price, negotiations, facilitate receipt of the best offers within a definite time-frame and seek to ensure against the complications sought to be created by certain bidders by making unsolicited offers beyond the stipulated date. Even if such bids, offering further concessions, are received from a competing firm, these should be firmly rejected. However, in case it is consciously decided to take into account a concession offered by any firm after the stipulated date for justifiable reasons, then similar opportunity shall required to be afforded to all the other competing firms. The PNC shall maintain self-speaking record of its work in chronological order. This record shall be page numbered, stitched and signed by the Chairman PNC on the opening page which shall indicate the total number of pages in the bound volume, each page of which shall be initialled by Secretary, PNC or the Officer nominated by the Chairman, PNC.

**CHAPTER 34**  
**MILITARY FARMS INCLUDING REMOUNT**  
**VETERINARY DEPOTS**

**Organisation**

733. The Military Farms are under the Administrative Control of the Dy. Director General of Military Farms. The DDGMF acts as an adviser to the Quarter Master General on technical matters connected with Military Farms. The administrative control of Military Farms in a Command is controlled by Director of Military Farms (DMF). Each farm is in charge of a DADMF/Manager/Farm Officer, who is responsible for the direct management of the farms and the maintenance of its statistical and account books and rendition of accounts to the Controller of Defence Accounts concerned.

**Functions**

734. (i) The Military Farms are run on quasi-commercial basis. The primary responsibility of a Military Farm is:

- (a) to provide wherever it can be economically undertaken a reliable and hygienic supply of dairy produce to the troops as per authorised scale;
- (b) to provide fodder for the animals of the Army in India (except belonging to the Army Remount Depots). Vegetables are also produced in certain farms for issue to the troops. While Military Hospitals and others entitled are issued free supplies, surplus produce is issued on payment to officers, ORs and Civilians of Defence Services.

(ii) For this purpose Military Farms maintain their own cattle and also own agricultural land for raising fodder.

(iii) Dry/Young Stock Farms are also organised in some stations to provide for cheap living conditions to dry and young stock so that the over crowding and financial burden on Military Farm is reduced.

(iv) At other stations where there are no cattle holding Military Farms, Military Farm Depots function and supply milk either by purchasing locally or from a nearby Military Farm, pasteurising it and issuing it to the units. Military Farm Depots may at times be completely dependant for all its pasteurisation of milk on a neighbouring Military Farm or Civil Supply. Such a type of Depot acts only as a delivery centre.

(v) To cater for exploitation of hay from forest areas, its cultivation, stocking, baling and despatching to the various Military Farms/Units, Baling Depots are sanctioned.

735. (i) All the Military Farms have the following four sections:

- (a) Cattleyard Section
- (b) Dairy Section
- (c) Cultivation and Fodder Section

(d) Administration Section comprising Establishment, Accounts, Stores, etc. groups.

**(ii) Cattleyard Section**

This Section is responsible for maintaining milch animals for production of milk. Accounts of feed issued to milch animals and accounts of milk produced are maintained in this section. Milk produced in this section is tested and handed over to the Dairy Section.

**(iii) Dairy Section**

This Section receives milk from Cattleyard Section, pasteurise it and issues it to various units/Military Hospitals. The accounts of milk issued to various units are maintained by this section.

**(iv) Cultivation Section (including Fodder Section)**

This section is responsible for production of fodder required by the animals, vegetables and other crops. Fodder is sometimes purchased. For this purpose it maintains its own account. This Section is also responsible for stocking and issue of dry/green fodder and silage.

**(v) Administration Section**

The Administration Section of the Military Farm maintains Administration / Establishment of the farm and all the cash and coupon accounts of the farm. It also maintains Journal indicating all transactions other than cash.

**736.** The accounts of Military Farm may be broadly classified as (i) Pay Accounts (ii) Cash Accounts and (iii) Stores Accounts.

**(i) Pay Accounts**

Pay and travelling allowance bills of permanent personnel and of those temporary personnel are submitted to the Controllers of Defence Accounts concerned for payment.

**(ii) Cash Accounts**

(a) The Cash assignments of all the farms are placed at the disposal of the respective Directors of Military Farms (DMFs) who signs all cheques for the farms under their control. All receipt and disbursements of money are accounted for by the officer-in-charge in his Cash Book and monthly abstract of the sum is submitted to the Controllers of Defence Accounts through the DMF for inclusion in the Financial Accounts.

(b) A statement of all the book transfers separately for Receipts and Payments (both cash and cost) is prepared from the relevant accounts of various departments, Civil / Military and sent to the CDA along with the monthly cash accounts (Para 31 of New Accounting Instructions MF).

**(iii) Stores Accounts**

These are prepared by the officer-in-charge and are subjected to internal audit checks locally by the Local Audit Staff of the Defence Accounts Department.

(a) The officer-in-charge also submits to the Controllers of Defence Accounts, the Annual Trading and Profit and Loss Accounts and Balance Sheet through the Local Audit Officer who checks them before

transmission to CDA. The list of statements enclosed to the Annual Accounts are given in the Annexure to this chapter.

- (b) The accounts of all the farms referred to in the Annexure are consolidated by the DMF concerned and submitted to the DDG MF who after consolidation prepares an all India Account (Para 198 and 199 of SAI 1965 Edn) & MOD Fin ID No.1661/QA/97 dated 5.11.99.

### **Audit Procedures**

**737.** (i) The list of important accounts/ documents and registers required to be maintained in the Military Farms is given in Chapter XXXIV and XL of Circle Standing Orders Vol. I.

- (a) Instructions contained in Circle Standing Orders Vol.I, Chapter VII of Army Local Audit Manual Pt.I, Chapter VI of Army/ Local Audit Manual Pt.II and chapter IV of SAI (1965 Edn) should be borne in mind.
- (b) The Revised Accounting Procedure in Military Farms issued vide Revised Accounting procedure No.6000/1/MF(E)/EAI Dated 26.4.90 & Min. of Defence (Fin/QA) I.D. No.166/Q/A/97 dated 5.11.97 may be looked into.

(ii) The Annual Account and Statement of Assets & Liabilities in the office of DMF/DDGMF of Military Farm are test audited annually. The copy of cash accounts available in the office of the PCDA/CDA is test checked by the Central Test Audit staff with special reference to entries coming into the financial accounts. Audit of initial accounts is done locally by the Local Test Audit Staff.

### **Cattleyard Section**

**738** (i) This section maintains following important documents:

(a) **Cattleyard Report Book (IAF Form 1)**

The record of breeds of each category of animals individually regarding their movements, purchase, calving, transfer, birth, death, sale or loss etc are recorded in this book. Transfer and sale of animals and skins are also recorded in this book.

(b) **Cattle History Sheet (IAF Form 2)**

The record of individual history of animals, its pedigree and breeding history is recorded in this sheet.

(c) **Invoice from cattleyard to dairy (IAF Form 5)**

This indicates the total quantity of milk transferred from cattle yard to dairy at each milking.

(d) **Outward/Inward Day books**

Records the receipt, purchase, sale and transfer of live stock on a day to day basis.

(e) **Cattleyard Milk Record Book**

(f) **Cattleyard Stock Sheet**

- (ii) These documents should be audited in detail to see that:
  - (a) the live stock kept in the farm does not exceed the strength authorised by DMF and that the number shown in the Inventory of Live Stock is correct.
  - (b) the feeds of cattle does not exceed the authorised scale and that full rations have not been drawn in the case of bullocks. It should also be seen that the ratio between the animal feed and yield of milk is as per the ratio prescribed by the Army HQrs.
  - (c) if any live stock has been written off the books, the circumstances under which the write off was rendered necessary are carefully investigated.
  - (d) the number of young stock kept in the farm does not exceed the strength authorised by AHQ and.
  - (e) the targets fixed by the AHQ for milking average has been achieved by the farms, if not the reasons therefor.
  - (f) According to the Revised Live stock instructions issued by DDGMF, AHQ, New Delhi Vide their letter No. A/04272/2/Q/MF-4 dt. 4<sup>th</sup> May 98.
    - (i) all farms to adopt 100% rearing for female calve.
    - (ii) Culling of female calves on any ground e.g. birth weight wrong breeding etc. to be approved by DMFs.
    - (iii) All large farms will rear 2 male calves each year from best dame for use as teaser or for natural service based on pedigree. Other farms will rear one male calf per year in addition to Frieswal male calves.
  - (g) Like rearing, culling is also a very important aspect of cattle management. While retention of uneconomical animal is a positive drain on financial position of the farm, their indiscriminate culling is equally disastrous. To carry out culling in a systematic and judicious manner A/04272/2/Q/MF dated 4<sup>th</sup> May 1998 has laid down procedure for culling out the animals.
 

**Culling Standard:-** “All Cows yielding less than 1500 Kg/litre in first two lactation and yielding less than 2000 kg after second lactation will be culled inspite being pregnant when dried.”

It should be seen in the case of culling of live stock that:

    1. unwanted live stock is disposed of within 14 days of their culling.
    2. animals recommended for culling are maintained on fodder alone and no concentrates are fed to these animals.
    3. culling of the livestock is carried out according to the standards laid down by QMG.
    4. animals are sold through public auction atleast once a month under Station Board of Officers.
    5. no animal is retained beyond third auction.
  - (h) It should be seen that the procedure for purchase of milch animals as laid down in Para 193G Circle Standing Orders (live Stock) and as revised by AHQ from time to time is followed.
  - (i) The working of the scheme in regard to introduction of artificial insemination in Military Farms and the disposal of bulls rendered surplus as a result thereof should be watched.



- (j) It should be seen that the cattleyard stock sheet (IAF (Farms) 92) shows that the total milk (cow/buffalos) produced/ transferred to Dairy, issue to calves, quantity thrown away, the production of colostrum and its issue to calves and the stock sheet duly priced at the production rate of the cattleyard is delivered to the Accounts Section daily.
- (k) It should also be ensured that there are no marked variations in the yield of an animal from day to day, unless some cogent reasons exist for the same e.g. sickness of an animal, calving etc

### **Dairy Section**

**739 (I)** This section maintains following documents :

- (a) Dairy outward day book
- (b) Daily Stock sheet
- (c) Inward Day book
- (d) Dairy Stock sheet
- (e) Register for receipts and disposal
- (ii) These documents should be scrutinised to see that:
  - (a) According to the report of the Expert Committee for the Military Farm based on which New Accounting Procedure was introduced in February 1966, an average Military Farm holding 500 milch animals and 250 young stock and calves on adult basis has the potentialities of producing 5000 lbs of blended milk and 2000 tons of fodder. It should therefor be ensured in audit that the standards of production as indicated by Military Farm is achieved. If not the reason therefor should be analysed.
  - (b) The quantity of milk produced in the cattleyard and shown in the cattleyard Milk Record Book are daily (separately for each milking) taken on the invoice (IAF (Forms)5) and are duly accounted for in the Daily Stock Sheets. It should also be seen that milk purchased or transferred from other farms has been taken to Daily Stock Sheet.
  - (c) The sale and free issue rates of dairy produce at Military Farms are fixed in accordance with the procedure laid down in AHQ QMG's Branch letter No.B/53927/Q/MF-3/01 (A) dated 25th September 1981 and B/53927/Q/MF-3/Q1 (A) dt. 30.8.82 as per revised accounting procedure issued by Min. of Defence (Finance/QA) ID No.166/QA/97 dt. 5.11.97.
  - (d) The issue of dairy produce to non-entitled consumer is governed by the provisions of AHQ letter No.A/15152/Q/MF-3/654 dated 10.9.64 and No.A/15152/Q/MF-3 dated 22.10.64 as amended from time to time.
  - (e) The milk received in the farm has been disposed of daily in full and the entries in the Salesmen Check Sheets agree with those shown in the outward Day Book and Daily Stock Sheet.
  - (f) The milk or other dairy produce sold/transferred as shown in the Daily Stock Sheets agree with those shown in the Outward Day Book and Salesman Check Sheets and have also been accounted for in the respective registers viz. Cash Book; Redeemed Coupon Register, Credit Sales Registers, Sales Ladger maintained by Accounts Section.

- (g) Milk and other produce have been sold at the authorised rates.
- (h) The minimum and maximum quantities of milk to be supplied daily have been fixed for all Govt. Institutions.

Note: In cases where the supply of milk is below the minimum quantity due to inability on the part of the Farm to meet the full demand, the value of the actual quantity supplied will be charged ( GOI MOD No.8186/Q/Farms/1980-DO dt. 25.2.52)

- (i) The out turn of cream and butter is in accordance with the prescribed formula.
- (j) Loss statements for loss of milk in handling and pasteurisation is prepared and sanctioned in case such loss exceeds 3 percent of the total milk handled during the month
- (k) Loss statement for the loss of milk in the manufacture of evaporated milk (i.e. handling, seaming and filling of cans) is prepared when such loss exceeds 6%. In the case of Military Farms and Military Farm Depots, where no pasteurisation is carried out, it should be seen that loss statement for losses in handling of milk in case where such loss exceeded 1 % had been proposed.
- (l) In the case of conversion of butter into ghee, losses permissible are 29 and 26 per cent in the case of condemned tinned butter and condemned loose butter. It should, therefore, be seen that loss statements are prepared and sanctioned in case such loss exceeds the prescribed percentage.
- (m) Agreement, if any concluded with any private consumer for the regular supply of daily produce should be scrutinised to see whether the quantity contracted for has been regularly supplied and the milk supplied is according to specifications. Negotiated contracts for supply of milk and milk products with NDDDB(NCDFI)/State Co-Operative Milk Federations may also be examined with reference to.
- (n) In the case of supply of dairy produce to Govt. Institutions it should be seen whether the Officer Commanding sends the bills concerned to the parties concerned without delay.
- (o) It should also be examined as to how separated milk (ie. milk from which butter and cream have been extracted) has been accounted for and disposed of.
- (p) It should also be ensured that the preparation of butter is kept to the minimum i.e., just to meet the demand of troops and hospitals and that the procedure for fixation of sale rate Govt. of India Min. of Defence letter No.PC/Raksha/63061/Q/ST5/3365/D(QS) dt. 19<sup>th</sup> December 2003.
- (q) The total produce in any two months summer-month and a winter month should be compared and it should be seen how surplus produce of the winter month is disposed of.
- (r) In case of reduction in fat content there should be increase in the quantity of milk.

### **Cultivation Section**

- 740. (i) This section maintains the following documents:

- (a) Land and Cultivation Register
- (b) Daily Time Book showing daily and casual labourers employed
- (c) Team Register showing number of bullocks employed in different works
- (d) Stock and Silo Register
- (e) Manure Accounts
- (f) Weigh Book
- (ii) These documents should be examined to see that :
  - (a) the land available with the farm could be viewed as reasonable requirement for its operation and that it is fully utilised for different crops and the outturn from each plot is commensurate with the expenditure on it. In cases where land holdings are considered substantial the profitable utilisation thereof should be examined.
  - (b) the reasons for and measures taken to avoid repeated failures of crops in some particular plot of land as also justification to cultivate those plots of land without first removing the defects attendant to the failures.
  - (c) if tube wells have been installed with a view to augmenting crops, the result has in fact been achieved.
  - (d) the issue of manure, such as raw or compost to various crops is priced at the appropriate rate.
  - (e) proper account of manure and its disposal is kept.
  - (f) the team register indicates all works performed by bullocks such as ploughing land, conveyance of manure, fodder etc.
  - (g) tractors have not been used for the conveyance of manure and stores when bullocks remain idle.
  - (h) the quantities of concentrates and fodder and incidental expenditure such as shoeing etc. has been entered in team register daily and average daily upkeep cost per bullock has been correctly worked out taking into account total cost of feed plus cost of bullock drivers and incidental expenditure and the total number of bullocks day during a month.
  - (i) at the close of the month a statement of bulls detailed for service of various sections duly priced is sent to Accounts Section to debit the amount of work done by bulls for each section through a journal entry by debiting sections affected and crediting services rendered by the bulls.
  - (j) the loss statement is initiated and sanctioned in case of losses on account of wastage in baling hay (from stacks) and bhoosa is more than 5%. In the case of baling of hay from cocks on the land, wastage is allowed upto 1%. It should also be verified whether such wastages are allowed upto the maximum extent as a matter of routine.
  - (k) Loss Statement is prepared for losses exceeding 8 % in each stack of hay owing to dryage during the period of stacking.
  - (l) the jobs on which the bullocks have been shown as employed should be counter checked with reference to the entries in the relevant register. If, for instance, the Team Register shows that a pair of bullocks was

employed on certain days for conveying green fodder/grass from Military Farm land it should be verified with reference to the entries in Land and Cultivation Register that green fodder was harvested on that particular day.

- (m) quantity of seeds sown per acre should be as prescribed by Army HQrs.
- (n) in case per acre production of grains/fodder falls much below the targets fixed by Army HQrs., the same be enquired into & commented upon.
- (iii) The fodder stock return should be scrutinised to see that:
  - (a) the opening balance is correct and all receipts and issues are properly vouchered.
  - (b) credit has been correctly afforded in the Store Return for all the produce during the month as ascertained from Land and Cultivation register, Weigh Book, Cutting and Cartmen's Register and Silo Register etc.
  - (c) animal grain/fodder transferred from cultivation to cattleyard is priced at purchase rates plus handling and incidental charges in case they are obtained by purchases.
  - (d) produced fodder and grain transferred to cattleyard section, the issue/transfer price is worked out based on the cost of production.
- (iv) The Store Book maintained should be checked to see that:
  - (a) all issues charged off are supported by Store Issue Order.
  - (b) all purchases/transfer of stores are brought to account. .
  - (c) all inter sectional/adjustment/transfers are priced at the weighed average cost of stores.
  - (d) rate list of stores received (by transfer or purchase) is maintained. .
  - (e) all issue of packing material to different sections are priced at the prevalent rate.
- (v) It should be seen that fodder and vegetables supplied by Military Farms to Army Service Corps is priced, according to the procedure laid down in MOD letter No.68316/Q/ST5/714-S/71/DQS dated 25.3.1971.
- (vi) The register of fruit bearing trees and of trees cut for timber or firewood should be examined and the credit of fruits and wood is checked into Cash book or Gowdown stock Book as the case may be. It should also be seen that sanction of the competent authority has been obtained in respect of cutting trees and disposal of woods and usufructs.
- (vii) In the case of purchase of fodder it should be seen that it is absolutely necessary to resort to purchase and that these are made at the most economical rate.
- (viii) 'It should be seen that labour is not employed in excess of actual requirements, wages paid are not abnormal and that the outturn of work is commensurate with the wages paid.
- (ix) It should be examined as to how the produce such as hay compares with the expenditure incurred in obtaining it. For instance the cost of harvesting may usefully be compared with the outturn in terms of hay. .

## Administration Section

741 (i) This section of the Military Farm is centrally responsible for the maintenance of Cash Book, Journal and the Ledger Coupon Account, Sale Account etc. All transactions other than cash (whether treated as cash or cost) is entered in the journal.

(ii) The coupon account should be scrutinised to ensure that:

- (a) no coupons have been issued to deliverymen for sales to customers,
- (b) where coupons have been sold through a representative of the farm, their cost have been accounted for on the same day when sold,
- (c) in the case of revision of rates of dairy produce, value of coupons already sold remain in force upto the end of the month in which the rates are revised,
- (d) the stock of coupon books are checked weekly by the Manager,
- (e) the validity of coupon has not exceeded six months including the month of issue,
- (f) all the redeemed coupons have been accounted for in a separate register on the same day when they are received back,
- (g) the total quantity of dairy produce sold on coupons daily as per outward day book agrees with that shown in the Registrar of Redeemed Coupons,
- (h) no redeemed coupons are destroyed before the accounts for the period to which the coupons relate , have been audited,
- (i) he coupons are sold only for cash.

(iii) In the case of credit sales, the figures of outstanding amount as on 31 st March should be analysed critically and the reasons for large outstanding should be investigated.

(iv) It should also be seen in the case of credit sales that the sales are made under proper authority and that sufficient security is taken from such customers.

(v) while auditing the cash accounts of the Depot, the audit checks contained in Chapter 28 should be borne in mind.

(vi) The security deposits have been obtained from the farm's employees where necessary and they have been properly lodged and entered in the Register of Security Deposits.

(vii) the amount of security deposited by the cashier or individuals who are in charge of cash, milk coupons etc. is adequate i.e; it is not normally less than the cash balance held by the cashier at the end of each day.

Note: As the security deposit will normally be less than the value of coupons plus cash at the end of the day, it should be seen that the stock of coupons with the cashier does not exceed the limit of Rs.300/- unless the daily cash sales exceed the limit (SO A254 may be seen in this connection).

(viii) The Register of Advances should be audited to ensure that:

- (a) advances have been made to general farm work, harvesting, operations, fodder supplies, purchase of cattle, dairy produce etc.

- (b) advances are made to authorized persons only,
- (c) advances does not remain outstanding for an unusually long period,
- (d) second advance is not ordinarily given unless the first one is fully liquidated. In cases where delay in adjustment is unavoidable, it should be seen that a second advance is given after obtaining proper sanction,
- (e) that the money advanced is utilised for the specific purpose for which it is made and not devoted to any other purpose.

### **Miscellaneous**

**742** (i) It should be ensured that a workshop if it exists at the Farm, or the farm owns land for agriculture that the working thereof is profitably conducted.

(ii) It should also be ensured that proper accounts are kept for all tools and plants etc. held in serviceable or unserviceable condition. It should be particularly seen whether the tools and plants held on charge are actually installed and are in use. If not, the reasons and circumstances under which the equipment was purchased but remained unused should be investigated.

(iii) If there is any source of revenue other than from the sale of farm produce, for example, grazing fees, lease etc, the receipt should be carefully checked. It should be seen in such cases that the rates shown as due for leases etc. have been approved by the competent authority.

(iv) It should be seen that products and by-products of the farm department, which are not required for Govt. use are sold to the best advantage of the State under orders of DDMF.

(v) For the purpose of proforma adjustment in the Trading Account of the Military Farms, the cost of free rations issued to farm personnel should be worked out at payment issue rates.

(vi) MT accounts should normally form part of Dairy Section as MT vehicles are employed mostly for the distribution of Dairy produce and accordingly the expenditure on its maintenance and running are debited to Dairy Section. In the case of MT vehicles being utilised for other section, the mileage covered would be properly priced for inter-section adjustment.

(Para 78 and 79 of Military Farms. New Accounting Instructions)

(vii) The audit of MT accounts should be conducted taking interalia, into account the checks enumerated in para 536 of chapter 28.

(viii) It should be seen that the licence fee of buildings of the farm is assessed according to regulations and licence fee and charges for electricity and water are recovered according to the rates as applicable.

(ix) Any tendency to treat wastages/losses upto authorised percentages as a normal manner should be specially looked into.

### **Annual Accounts**

**743** (i) The Annual Accounts consisting of Annual Trading and Profit and Loss Accounts and Balance Sheet supported by various documents as in Annexure –‘A’ should be audited on the following lines.

(ii) The audit of the consolidated annual accounts is undertaken in the DMF Command for farms within a command and for the service as a whole in the O/o DDGMF at AHQ.

- (a) The efficiency in the-working of Farms in a Command in a particular year can be judged by effecting a comparison between the extent of produce vis-a-vis the expenditure incurred thereon during the year in question with that of the previous years. Repeated reasons for loss in any sphere of activity of the farm should be investigated to see whether any effort was made to overcome the shortcomings.
- (b) The number of cattle held in the farm in any two consecutive years should be correlated with the production of milk. In case of decrease in the production of milk when the cattle were more, the reasons therefor should be critically analysed.
- (c) The total profit of the farm should be analysed to find out how much of the profit related to the actual activity of the Military Farm (i.e. total profit less interest earned on account of Govt. banking accounts).
- (d) The subsidy, if any, to cover the difference between cost of production of dairy produce and sale realisation in respect of paying consumers, adjusted as credit in the trading account of dairy section should be scrutinised to see the reasons therefor.
- (e) The cost of production of milk should be compared with local purchase rate / local market rate, if any, and any wide variation between the two should be investigated.
- (f) It should be ensured that Annual Accounts are correctly prepared and the Balance Sheet exhibits correct state of affairs. Trading Account of the year under audit should be compared with that of the previous year as well as with the Trading Accounts of the year in respect of other farms.
- (g) It should particularly be seen that the profit as shown in the Trading and Profit and Loss Accounts are not exaggerated and are not due to windfalls and no attempt is made to conceal the losses. It should be seen that receipts on account of sale/ transfer of assets like plant, machinery, land etc. are reflected in 'Capital Account' and not in the Trading and Profit and Loss Account.
- (h) The Depreciation Fund Account should be scrutinised to see if the depreciation on building, plant and machinery, live stock etc. has been correctly calculated.
- (i) The capital account of the building should be scrutinised to see if any charges which should have correctly been taken to Revenue have wrongly been debited to Capital.
- (j) It should be seen that the value of the buildings, live stock etc. on which depreciation has been allowed agrees with the book value shown in the Inventory Book and the Private Ledger. The entries in these documents should also be checked with original vouchers and entries in the Cash Book not only in respect of transactions under audit but also in respect of important recent purchases/ new construction.

(DADS No.2296/D-Com/19/41 dated 2.12.41)

(k) It should be verified that following charges are correctly adjusted and accounted for in the Books:

1. Administrative charges of Commands and Army HQrs.
2. Charges in connection with leave and superannuation allowance of the staff.
3. Interest on Reserve Fund and Audit charges communicated by DDGMF.
4. Value of Railway Warrants and Credit Notes.
5. Charges for the supply of water and electricity if any, by the MES.

## **ANNEXURE 'A'**

**[reference to in Para 743 (i)]**

### **Annual Accounts**

#### **Appx.**

- 'A' Statement of Assets and Liabilities
- 'B' Capital Account
- 'C' Store Account
- 'D' Dry Fodder Account
- 'E' Cultivation (Green Fodder & Grains)
- 'F' Young Stock Account
- 'G' Cattleyard Production Account
- 'H' Dairy Production & Issue Account
- 'J' Statement of Items of Production

## **Section II**

### **Remount Veterinary Services Corps**

**744** (i) Additional Director General of Remount Veterinary Services who function under Quarter Master General is the head of the Remount Veterinary Corps. He is assisted in his duties by Director Remount Veterinary Services (DAMs). Addl. DGRVS acts as an adviser to the Quarter Master General on all technical matters connected with Remount Veterinary Units/ formations. While in a Command, DDRVS function as the adviser to the GOC-in-C on all technical matters, the ADRVS/DADRVS acts as an adviser to the GOC on technical matters connected with RVS.

- (ii) The Remount Veterinary Corps is responsible for;
  - (a) breeding, purchase, procurement and training of all army animals including army dogs and provisioning of such animals in required number to meet the full authorisation of Defence Services.
  - (b) Rearing, maturing, training, issue and holding of reserves.
  - (c) Veterinary cases of all army animals including those of Military Farms



and army animals attached to Defence establishments.

- (d) To carry out artificial insemination in animals of Military Farms, where applicable.
- (e) Casting of animals and disposal of all surplus animals.
- (f) Collection and disposal of captured animals.
- (g) Provisioning / training of horses for the President's Body Guards.
- (h) Inspection of food of animal origin.
- (i) Evacuation and treatment of sick and wounded animals of army, para military forces during operations, hostilities and war.
- (j) Investigation and control of diseases of all animals.

(iii) Remount Training School and Depots exists for the purpose of breeding, rearing and purchasing of horses and mules for issue to various units of the Armed Forces. At present there are two Remount Training Schools and Depots, one located at Sharanpur and the other at Hempur. One Remount Depot is also located at Ahmednagar. Each Depot maintains its own farm for production of fodder and grain. Grain is also supplied by the ASC. A workshop is also attached to each depot for the repair and manufacture of articles required by the depot proper as well as its cultivation farm. In addition, there is a veterinary hospital and Section Hospital manning the depot self sufficient. Remount Training Depots are responsible for imparting training to horses and mules.

(iv) There are also two Equine Breeding Studs, one at Babugarh and the other at Hissar and two horses and milk breeding areas one each at Babugarh and Jullundur. Equine Breeding Studs have been established for the production of suitable horses and mules to meet the Army's requirements of animals. The scheme provides for maintenance of breeding stock and production of fodder and grains to the extent possible. Horse and mule breeding areas are responsible for running stable where Govt. horse/donkey stations are kept for providing coverage to registered private mares with a view to making available standard horses and mules for Defence requirements and to develop the areas as a standard horse and mule breeding area.

(v) Units obtain their requirements of animals on indents which are forwarded to the depots through the Addl. Director General of RVS.

### **Accounts including Registers, Returns and other documents**

**745.** The accounts of Remount Depot, though following in some ways, the usual procedure of other units, have certain peculiarities. The depot prepares the pay bills of the permanent and temporary establishments (other than the temporary labour) attached to the Depot and sends them to Controller of Defence Accounts for payment. Expenditure on the pay and allowances of the temporary labour and office contingencies is met by the officer-in-charge out of the cash assignment placed at his disposal by the Controller of Defence Accounts.

### **Audit Procedure**

**746** (i) While auditing the accounts of Remount Depots the procedure laid down in Chapter 28 of this manual, Chapter IV, Section 2 of Army Local Audit Manual should be borne in mind. In addition, the following checks should also be

exercised:

- (a) That the number of labourers shown as employed in the bills are traced into the daily return of farms workmen and materials (IAFR 1486) or in the daily return of depot workmen and materials etc (IAFR 1487).
- (b) That the labour employed in the workshop, if any, is properly accounted for.
- (c) That the Register for cash assignment is properly maintained in the authorised form.
- (d) That register of loans and recoveries are maintained in the depot and that the transactions are correctly recorded.
- (e) That procedure contained in paras 984 to 990 of Regulations for Army (1987 Edn) is followed in respect of boarding out horses.
- (f) That proper accounts are maintained to show that horses are boarded out under proper authority and that timely information is furnished to the Controller of Defence Accounts.
- (g) That insurance fee as contemplated in para 979 of Regulations for Army (1987 Edn) is recovered in respect of horses hired out.
- (h) That the accounts in connection with the purchases in India and abroad are properly maintained and that specification for animals to be purchased is strictly maintained.
- (i) That the procedure laid down in Para 1004 of Regulations for Army (1987 Edn) is followed in respect of purchase and procurement of Army dogs.
- (j) That animals considered unfit for one month's active service only is cast (para 968).
- (k) That. Addl. Director General Remount Veterinary of Corps has accorded sanction for casting of the animals in excess of the percentage authorised.
- (l) That casting of animals is kept within the percentage laid down in Army Instructions 82 of 1962 for normal wastage from all causes (e.g. castings, casualties etc) in respect of different classes of animals and that the procedure for casting and sale of cast animals is carried out in accordance with the provisions contained in para 969 to 973 of Regulations for Army 1987.
- (m) In the cases of animals issued for racing, horse shows, displays etc. the provisions of para 978, 980, 981 and 982 of Regulation for the Army 1987 is followed. It should also be seen that intimation has been sent to Controllers of Defence Accounts *for* the recovery of prescribed charges.
- (n) That in the cases of animals found to be incurably injured, the animal is destroyed and the procedure enunciated in para 957 of Regulations for Army 1987 is followed.

**(ii) Audit of Ration/Forage Accounts**

The ration and forage return and other ledgers and returns maintained by the Depot will be audited in accordance with the procedure applicable in respect of similar returns and ledgers maintained in consuming units and formations. It will also

be seen that:

- (a) all receipts into or issues from stores are supported by civilian orders of the Officer Commanding and all transactions are recorded daily by the godown overseer in IAFR 1484, except in the case of articles purchased for a particular work and delivered direct to that work which are recorded only in IAFR 1487 or 1486
- (b) The daily receipts and issues of grain and fodder are recorded in IAFR 1483.
- (c) Deposit vouchers are used by the workshop for stores sent to Remount Depot proper, cultivation farm, or the breeding area to the workshop for repairs.
- (d) Articles obtained from Depot cultivation section are linked with the lists in IAFR 79.
- (e) Articles of feed obtained from Depot cultivation are linked with cultivation records.
- (f) The prices of fodder rations issued to officers Charges purchased from Remount Depots for consumption *on* the journey to destination (vide para 156 of SAI) are assessed at the payment issue rate of the Military Farm in whose supply area the depot is situated vide para 232 of SAI.
- (g) Extra issue of grain not exceeding 450 gms. per animal per diem is drawn only under proper sanction of the Area or equivalent Commander on the recommendation of ADRVF/DADRVF.
- (h) Stock verification of all items of stores, including animals held in the depot is completed once in 6 months and discrepancies adjusted expeditiously under proper authority and,
- (i) issues of feed will be made in accordance with prescribed scales and for the actual number of animals on the strength.

**(iii) Miscellaneous**

- (a) Records pertaining to the trees should be examined to see:
  - 1) that the cutting of trees and the disposal of wood obtained therefrom has been sanctioned by the competent authority.
  - 2) the method of disposal of produce of fruit bearing trees which is saleable i.e. whether under local arrangement or by contract, the total receipts from year to year and the reasons for wide variations in the total receipts credited.
- (b) Records relating to leasing out of land should be examined to see:
  - 1) that the leases have been entered into with due regard to local conditions and best interest of the state,
  - 2) that the necessary agreements have been signed by the competent authority ,
  - 3) that amounts due have been realised in advance or in arrears as prescribed and credited to Govt.
- (c) Records relating to registration and converting of unregistered i.e.

unbranded mares brought by for covering by Army Stallions located in various Horse and Mule Breeding Areas should be examined to see that necessary recoveries of registration and covering fees at the rates prescribed by MOD letter No.53579/Q/RV-2/1713-R/D(QS) dated 12.9.66 as amended from time to time have been made and credited to Govt.

## CHAPTER- 35

### EMBARKATION HEADQUARTERS

747. (i) Embarkation Headquarters, located at Mumbai, Chennai and Kolkata function under the control of Army HQrs. QMG's Branch (Directorate of Movement) and are responsible for handling the import and export of Defence consignments by sea and air. They are also responsible for despatch of the imported consignments to the ultimate consignee by road, rail or air.

(ii) Handling of all explosives at ports including technical supervision of their loading and unloading, repacking, repairing and demolition and their despatch to ultimate consignees is undertaken by the Naval Armament Supply officer while payments of port and other dues relating to above consignments are made by the concerned Embarkation Commandants.

748. The duties of Embarkation Headquarters, for competent management of Defence Cargo comprise of :

- (i) securing prompt and economic clearance with Port and Customs authorities and prompt despatch of the imported consignments to the ultimate consignees;
- (ii) lodging claims and realising the value of goods short landed or damaged and
- (iii) preferring claims on customs authorities for refund of excess customs duty paid and speedy recovery / finalisation of refund claims.

749. Embarkation Headquarters is organised into different branches to deal with administration (A Branch), movement of troops, personnel (R Branch), stores / equipment received by sea (S Branch) and stores / equipment received by air (Air Dett.).

#### **Procedure for clearance of cargo**

750 (i) Paras 1113 to 1131 of Defence Services Regulations - Regulations for the Army and the Defence Services Regulations Shipping procedure 1987, bring out in detail, the procedure to be followed by the Embarkation Headquarters, in the performance of duties entrusted to them. According to these instructions, indentors in India are required to ensure, that the necessary documents viz. original bill of lading, non-negotiable copy of bill of lading, Invoice / Packing Account, Packing list, Packing note, Insurance Policy if covered, and other prescribed documents are despatched by the shippers / suppliers, to the concerned Embarkation HQrs., to reach them one month in advance and in any case not less than two weeks in advance of the arrival of the vessel. On receipt of these documents / information from Administrative authorities at Services Headquarters / consignees containing disposal orders, Anticipated outturn Reports are made out on service basis and distributed to all including the consignee. With the original Bill of Lading delivery order is obtained from the Steamer Agent. When documents are not received in time, Delivery orders are obtained based on Letters of Guarantee / Indemnity Bond, subject to redemption of Letters of Guarantee on receipt of Bill of Lading from the shipper or through the consignee. Bills of Entry and Import Applications are made out, for payment of

customs duty where due and Port dues from Imprests available or by drawal of Provisional Advances (in respect of ports for which Imprest are not available). On these formalities being completed, cargo cleared is despatched to the ultimate consignee on convoy notes, as per disposal instructions from Controlling Headquarters / consignee. On completion of these formalities, final out-turn report is prepared and distributed to all concerned.

(ii) In cases of short landings or receipt in damaged conditions, claims are preferred against the carrying company Port Trust / Insurance Companies supported by short landing certificate / Marine Survey Report, subject to conditions of the Bill of Lading, Carriage of goods by Sea Act etc.

### **Port dues**

**751** (i) Consignments received from abroad and landed at the ports, are liable for levy of certain charges by the Port, which includes, wharfage at ordinary rates, if they are cleared within the last free date. Any delay thereafter attracts payment of extra wharfage charges, at rates higher than the ordinary rates, which are to be viewed as wasteful expenditure and regularised under orders of the competent financial authority.

(ii) Similarly in respect of consignments received by Air not cleared within the stipulated period, from the date of landing, warehousing charges, become payable, and the same would call for regularisation action as specified in Ministry of Defence letter No.26023/Q Mov Air/831/D(Mov) dated 29.2.88.

### **(iii) Service Tax**

Section 137 of the Finance Act, 2001, provides for levy of Service Tax on the services rendered by a Port on by any person authorized by the Port. This service comes under the service tax net with effect from 16.7.2001 and the rate of Service Tax will be 5 %.

### **Customs Duty**

**752** (i) Imported stores are required to be assessed for customs duty, prior to their clearance from Port Trust / Customs. However Machinery and stores meant for R&D and certain specific items of Defence Stores are exempt from levy of customs duty, based on production of certificate "Not manufactured in India" and "Duty Exemption Certificate" as prescribed under relevant notifications issued by the Customs Department. Refund of Customs Duty paid for want of these certificates and certificates required by customs authorities initially, are claimed subsequently by the Embarkation HQrs.

(ii) In the absence of requisite information / documents at the time of assessment, customs duty is paid on provisional basis in the form of Provisional Deposit Bonds with reference to Chapter XVII of the Customs Act 1962, to be redeemed later on production of the requisite documents.

### **Air Freight**

**753** In respect of imported stores airlifted, subject to post facto sanction, air freight is paid out of provisional advance drawn for the purpose subject to receipt of post facto sanction within 4 weeks.

## **Export procedure**

754 (i) Based on shipping space demanded *by* consignors, in the prescribed forms, with details as laid down in Shipping Procedure relating to Exports, shipping space will be secured by Embarkation Headquarters and carting order issued to consignor specifying action to be taken by the consignors. Stores on receipt and customs clearance, will be loaded on the ship, as per Bill of Lading with intimation to consignee.

(ii) Paras 177 to 179, Chapter III of Store Accounting Instructions lay down the General Accounting Procedure to be followed in Embarkation Headquarters. .

## **Accounts maintained**

755. The important accounting documents / registers maintained by the Embarkation Headquarters and Accounting Procedure:-

### **Registers:-**

- (i) Administration /Q Branch
  - (a) Cash. Book and connected documents
  - (b) Imprest Accounts and connected documents
  - (c) Railway warrants, credit notes etc.
  - (d) Ration and other accounts
  - (e) Clothing and other accounts
  - (f) M.T. Accounts
  - (g) Arms and Ammunition Accounts
  - (h) Ordnance and Equipment accounts
- (ii) Shipping / Air Branches
  - (a) Public Fund Account Shipping
  - (b) Port Trust Current Account Registers
  - (c) Provisional Advances, Sea freight, Air Freight, Port Trusts (where imprest is not available)
  - (d) Claims Registers
  - (e) Register *of* claims dropped within the financial powers of Commandant
  - (f) Import Transit Register
  - (g) Packing Account Register
  - (h) Bill of Entry Registers
  - (i) Customs Duty Claims Registers
  - (j) Out Turn Reports
  - (k) Register showing payments of various Port Dues
  - (l) Air Register
  - (m) Cases for claims on account of short landed stores, received in damaged condition.
  - (n) Convoy note register

### (iii) Accounting Procedure-Embarkation Headquarters

All exports and imports of Defence Services Stores in India are generally handled by the Embarkation Commandants at the ports. However imports of ammunition and explosives of all the services is handled by NASO Mumbai.

#### Imports

- (a) A Consolidated list in respect of each ship by which Defence Services stores are received is maintained by the Embarkation Commandant/NASO Mumbai, showing full details of the stores received and the disposal of those stores by ultimate consignees in the country. These lists are supported by copies of bills of lading in so far as the receipts are concerned, and by copies of convoy notes (IAFW-2326 A) prepared in accordance with Regulations for the Army (Revised Edition 1987) for dispatches to the consignees.
- (b) An import transit ledger showing the receipt and disposal of stores by packages is also maintained by the Embarkation Commandant/NASO Mumbai.
- (c) The Embarkation Commandant/NASO Mumbai is responsible to obtain certificates of short landing from the port authorities and prefer claims against the shipping agents.
- (d) All packing accounts, etc., received in respect of the stores, cleared by the Embarkation Commandant/NASO Mumbai is forwarded by him to the consignees in India.
- (e) The Embarkation Commandant/NASO Mumbai is responsible to check the port wharfage bills in all respects and forward the same to the Principal Controller of Defence Accounts/Controller of Defence Accounts concerned for payment in accordance with item 47 of Appendix I, FR Part II (1942 Edition)
- (f) The procedure in respect of claims for military cargo short landed or damaged is laid down hereunder. The procedure will apply to cargo intended for all the three services (Army, Navy and Air Force) handled by Embarkation Commandants and shipped as under:-
  - (i) Stores shipped on commercial vessels on which freight is payable or adjustable in India.
  - (ii) Stores shipped on commercial vessels by various agencies of Government of India on which freight is payable in the country of shipment.
  - (iii) Defence Ministry stores shipped from the UK on which freight is payable by War Officer, Air Ministry, London.
- (g) Intimation to Principal Controller of Defence Accounts/Controller of Defence Accounts for recoveries and losses:-A copy of the claim on account of stores short landed/damaged is forwarded to the PCDA/CDA in whose area the port is located for watching the progress of the claim. The amount recovered from the shipping companies is credited into the treasury receipt (triplicate copies of the military receivable order, receipted by the treasury) is forwarded to the PCDA/CDA of the port. In the case of



credits on account of naval and air force stores also, the treasury receipts are forwarded to the PCDA/CDA in whose area the port is located, who finally compiles the recoveries to the appropriate receipt under sub major heads, I-Army, II-Navy or III-AF, according to the nature of the stores.

- (h) **Progress Register-** A register is maintained by the Embarkation Commandant, showing the progress made with all claims submitted in accordance with the foregoing procedure. The register is open for inspection any time by the Local Audit Officer.
- (i) **Serious shortages/damages-** In addition to the action required in the foregoing sub paras, serious cases of shortages/damages is reported to Army Headquarters immediately..

### **Exports**

- (a) three copies of the form IAFT-1725 (Requisition for Carriage or Shipping Order) is forwarded to the Embarkation Commandant by the consignor in respect of stores that are required to be shipped through the Embarkation Commandant. On receipt of instructions from the Embarkation Commandant for the dispatch of the stores to the port, the consignor will arrange to send the stores. Three copies of convoy notes (IAFW 2326-A), giving details of packages sent is forwarded to the Embarkation Commandant, two in each wagon, and one along with the Railway receipt. One copy of the convoy note is returned duly receipted by the Embarkation Commandant to the consignor.
- (b) The consignor prepares packing accounts on IAFZ-2090 and forwards seven copies thereof to the Embarkation Commandant. A separate packing account is prepared for each IAFT-1725 (Requisition for carriage or Shipping Order ).The value of each package, containing valuable stores is endorsed in red ink in the relevant column to enable the shipping officer (Embarkation Commandant ) to enter the information eventually on the shipping bills and the bills of lading. On completion of shipment the shipping officer completes the columns in the packing account relating to the number of packages shipped, freight, etc. and record the name of the ship and the date of sailing in the space provided for the purpose. The seven copies of the packing accounts are disposed of by him as under :-
  - One copy to consignor depot as receipt.
  - One copy to Movements, Port of discharge, together with bill of lading (by air mail).
  - One copy to the PCDA/CDA concerned.
  - One copy to Movements, Port of discharge, through the Master of the vessel together with bills of lading.
  - Two copies to consignee (by air mail).
  - One copy to be retained as office copy.Out of four copies sent to the consignee and the officer clearing the stores at the Port of discharge two copies of the packing accounts, duly receipted, by the consignee will be received back by the Embarkation Commandant at the port of despatch of the stores, who will pass one copy thereof to the PCDA/CDA concerned for purposes of necessary adjustments or recoveries.

- 756** (i) The processes of accounts mentioned at 755(i) (a) to (h) are the same as are applicable to audit of similar documents maintained in a unit or formation.
- (ii) The important aspects to be looked into during the audit of the account of Embarkation Headquarters in addition to audit points mentioned in paras 416 (et seq.) of the Army Local Audit Manual Volume I are;
- (a) To overcome delays in clearance and consequent payment of extra wharfage for want of documents, instructions have been issued for incorporation of a suitable clause in the contract, making the supplier responsible to bear the cost of extra wharfage, if the documents are not forwarded by the supplier to the landing officer atleast 15 days prior to the arrival of the vessel and for wrong / obliterate physical markings on the packages. Reasons for payments of extra wharfage should be examined with a view to finding out whether claims for reimbursement of extra wharfage had been made for non-receipt of documents within the stipulated period, wrong markings wrong entries etc.
  - (b) In order to overcome delays due to non-availability of Railway wagons for despatch and consequent payments of extra wharfage, Commandants, Embarkation Headquarters have been delegated powers to despatch stores by road incurring expenditure on freight upto Rs.10 ,000/- if the stores are likely to cross the warranty period or are of operational requirement (Ministry of Defence corrigendum No.25737/Q Mov Shipping/1652/D(Mov) dated 20.4.88 refers). Such cases of transportation of stores by road should be looked into to find out, that no payments for extra wharfage had been made for want of Railway wagons.
  - (c) Utilisation of Fork lifts procured as part of modernisation should be looked into to ensure that they are fully put to use.
  - (d) Warehousing charges on consignments brought by Air should be examined to ascertain the reasons for such payments and action taken to overcome such delays.
  - (e) Delays in despatch of Stores to the consignees should be got examined with a view to finding out:
    - 1. impact of such delays in cases of warranty relating to machinery / equipment imported
    - 2. effect on serviceability
    - 3. Stores / equipments are airlifted on grounds of emergency. Its impact thereof in utilisation at the consignee's end.
  - (f) A few cases of stores air lifted and cleared should be got examined at the concerned unit from utilisation point of view to ensure justification for such air lifts by making suitable reference to the concerned officer under whose jurisdiction the audit of the concerned units fall.
  - (g) Cases may occur where stores / equipments could have landed at a port away from the one, which is nearer, resulting in avoidable expenditure on freight. Such cases should be commented upon, quantifying the extra expenditure incurred on freight.
  - (h) Claims for short landed / damaged imported stores with carriers / Ports

should be examined to find out, whether the claims had been preferred in time and that they have not been rejected as time barred or for want of documentation. It should also be ensured that the various instructions issued by Government / Service Headquarters in respect of insurance, making available documents, have been strictly followed and all effective steps are taken to prefer the claims well within the time allowed.

- (i) 1. Some specified Defence Stores and machinery and stores required for Research and Development are exempt from levy of customs duty on production of "Not Manufactured in India" Certificate from prescribed competent authority and "Duty Exemption" certificate and other document / clarifications / technical write up required by customs authority. For want of these documents at the time of clearance, customs duty is paid provisionally and refund claims preferred subsequently. Such refund claims should be examined to ensure, whether the claims had been preferred in time and had not been rejected for reasons of delay and for want of documents.
- 2. In respect of scientific equipment, spares, consumables etc. for Research purposes a Pass Book system has been introduced under Ministry of Defence letter No.24012/2/RD-29(a) dated 14.9.88 read with Customs Notification dated 229/88-Customs dated 1.9.88. It should be enquired during audit that based on provisions of the above mentioned letter and Customs Notification exemption from payment of customs duty had been obtained where applicable in respect of R&D consignments.
- (j) Redemption of Provisional Deposit Bonds should be examined to find out, whether they have been redeemed by production of the requisite documents and that they are not pending redemption for unduly long periods.
- (k) Provisional advances made for air freight pending ex-post facto sanctions should be examined to ascertain, whether covering sanctions had been issued within four weeks as prescribed and cases outstanding are brought to the notice of appropriate authorities through prescribed reports / return.
- (l) Ten percent rebate on freight charges is admissible on Govt. cargo imported from UK and continental countries if the freight is pre-paid as laid down in Ministry of Defence UO No. A/50165/1V/Q Mov Shipping/91/D(Mov) dated 23.4.77 and AHQ QMG's Branch letter No.24337/Q Mov Shipping dated 20.5.85. It should be verified in audit whether such rebates, where due had been claimed.
- (m) It should be verified whether handling charges as applicable in respect of stores / equipment / explosives handled on behalf of Public Sector Undertakings / Private parties where applicable have been recovered as specified. Delay in revision of handling charges where due should be brought to the notice of HQrs. Office for further appropriate action.

### **Books, Letters etc. to be consulted during Audit**

1. Defence Services Regulations  
Regulations for the Army
2. Defence Services Regulations – Shipping Procedure 1987
3. Financial Regulations Part I
4. Army Local Audit Manual Vol. I and Store Accounting Instructions.
5. Ministry of Defence letter No.26023/Q Mov Air/836/D (Mov) dated 29.2.88 - Financial powers for payment of Freight / Customs Duty / Handling Warehousing charges on stores imported / exported by Air.
6. Ministry of Defence OM No.B/25661/Q Mov Shipping/3518/ D (Mov) dated 27.10.80 - Clearance of imported stores payment of extra wharfage.
7. Ministry of Defence Corrigendum No.25737/Q Mov Shipping /1652/D (Mov) dated 20.4.88 - Delegation of Powers to incur expenditure on road transport.
8. Ministry of Defence OM No.24495/Q Mov Shipping/3838/D (Mov) dated 15.9.87 . Measure to avoid payment of extra wharfage and to cut short the delays in settlement of claims.
9. Gazette Notifications Under Part II Section 3 Sub Section (I) Customs Tariff dated 2.8.76 regarding exemption of Customs duty - specified Defence Stores.
10. Customs Notification No.70/81 as amended by Notification No.98/31 Cus dated 31.3.83, 277/86 dated 27.3.86 and 103/87 dated 1.3.87 Customs exemption in respect of Scientific and technical instruments etc. of Research Institution
11. Customs Notification 70/87/Cus dated 1.3.87 - Customs exemption in respect of consumable goods imported by Public Funded Research Institution.
12. Customs Act 1962 - Chapter XVII - Miscellaneous Provisional Deposit, Bonds
13. Ministry of Defence OM No.14(17)/86/D(Prov)/5045/D(Mov) dated 26.11.87 - Insurance of Imported Stores QMG's Branch No.B/29470/Policy/Q Mov Shipping dated 19.1.0.89
14. Ministry of Defence letter No.89570/Q Mov Shipping/ 5252/D(Moy) dated 2.1.87 as amended - Delegation of powers for regularising losses of Imported stores.
15. Ministry of Defence UO No. A/50165/IV/Q Mov Shipping dated 23.4.77 and AHQ QMG's Branch letter No.24337/ Q Mov Shipping dated 20.5.85 - Rebate on sea freight.

## CHAPTER 36

### ARMED FORCES MEDICAL COLLEGE, ARMED FORCES MEDICAL STORE DEPOTS, MILITARY HOSPITALS AND OTHER MEDICAL UNITS

**757.** The Director General, Armed Forces Medical Services is the head of the integrated medical services for the three wings of the Armed Forces. He is the Chairman of the Medical Services Advisory Committee as well as the Armed Forces Medical Research Committee. He is responsible to the Government for the overall medical policy. He functions directly under the Ministry of Defence for the following:

(i) Administration of the Armed Forces Medical College and other research and training establishments attached to him and selection and appointment of instructional staff to these establishments.

(ii) Administration of all post graduate Service Medical Colleges which are regarded as Inter Service Institution.

(iii) For terms and conditions of all Officers Medical, Dental and Nursing.

(iv) For ensuring that the Cadre of the three Services is kept upto strength and well balanced.

(v) Act as Convenor as well as the Chairman of the Board for recruitment of Medical, Dental and Nursing Officers.

(vi) Maintenance of personnel documents and records.

(vii) For release, deferment, recall, invalidment, retirement, pensions and gratuities etc. of the Medical / Dental /Nursing Officers.

(viii) Liaison with DGHS, Indian Medical Council, and Defence Services Medical Organisations of Overseas Countries.

(ix) Creation and maintenance of Reserve of Medical, Dental and Nursing Officers.

(x) Control and supervision of Medical Stores Depot

(xi) Provision, procurement, storing including reserves, issues, standardisation and development of Medical and dental equipments.

**758.** Army, Navy and Air Force has each a Director General as the head of its Medical Services. DG MS of Army, Air Force and Navy act as Medical adviser to their respective Chiefs of Staff and are responsible for the day to day administration and proper functioning of the services under them. They are assisted in their duties by DMS (HQrs.) and DMS (OPs).

**759.** In Command, Deputy Director of Medical Services act as a Medical Adviser to the GOC-in-C., FOC-in-C/AOC-in-C as the case may be. They are responsible for:

(i) Control and administration of all medical establishment and personnel.

(ii) General supervision over the sanitary condition of each Garrison, Camp or station in the Command. .

- (iii) Training of all categories of medical personnel.
- (iv) Arrangement in connection with medical mobilisation and aid to civil power.

**760.** Under DDMS (Command) DDMS (Corps)/DDMS / AD MS (Area / Division) act as adviser to the respective Commanders on all matters of medical nature and questions affecting the health of troops.

**761.** The Officer Commanding local Military Hospital is the Senior Executive Medical Officer (SEMO) who acts as an adviser to local Station Commander on all matters pertaining to health of the troops.

**762.** Armed Forces Medical College at Pune, Armed Forces Medical Store Depots, Artificial Limb Centre, Armed Forces Blood Transfusion Centre are among certain specific institutions that function under the Control of Director General, Armed Forces Medical Services.

### **Armed Forces Medical College, Pune**

**763 (i)** The Armed Forces Medical College (AFMC) was established on 01 May 1948 as an Institution for Post Graduate Medical Education and Research by amalgamation of the Army Medical Training Centre, the Army School of Radiology, the Army School of Hygiene, the Central Military Pathology Laboratory and the School of Blood Transfusion. Its Administrative control was placed under the Director General Armed Forces Medical Services who has an academic committee to advise him on educational matters. A Dental Wing was added in May 1955. A fully residential Graduate Wing for MBBS course was started in August 1962 and a fully residential college of Nursing in November 1964.

#### **(ii) Role**

The primary role of the College is teaching and research. Additional responsibility of the Institution is the production of blood transfusion fluids and blood grouping sera.

#### **(iii) Function**

(a) The College performs the following functions:

1. Professional training of doctors for MBBS,MD/MS and Post Doctoral (namely DM, MCH and Ph.D) degrees.
2. Post Graduate Training of Dental Officers - MDS
3. Technical training of Para Medical and Para Dental Personnel for remustering and higher classification courses.
4. Professional training of Nurses leading to B.Sc (Nursing) degrees and training in specialised Nursing fields.
5. Research on medical problems having Service bias.
6. Consultancy to national and international health organisation in surveillance of disease and standardization of drugs and insecticides.
7. Production of blood transfusion fluids, blood grouping sera and diagnostic antigens and antisera.
8. Specialised diagnostic and treatment services.

9. To conduct Para medical & dental courses for JCOs/ORs and equipment in Navy & Air Force.

(b) The courses conducted are recognised by the relevant academic bodies viz. University of Pune and Mumbai; Medical, Dental, Nursing and Pharmacy Councils of India; and the All India Institute of local self Government.

(c) The Commandant, the Dean, the Department Heads and Teaching staff are recognised as teachers and examiners by the Pune University and by a number of other Universities including the National Board of Examination. They represent on the University Academic Councils, various boards of studies and in the faculty of medicine of the Pune University.

(iv) The courses offered by AFMC include MBBS and B.Sc (Nursing) courses. Candidates for admission to these courses are selected based on computerised objective type entrance examination and interview held thereafter. The students to these courses are admitted after execution of a bond committing them to a permanent commissioned liability. All the students admitted to these courses are given free education, free lodging, free travel to home town as permissible and boarding etc. apart from grant of stationery allowance, uniform allowance etc.

**(v) Research**

One of the objectives of the college is to conduct research on problems with a service bias. All the research projects are approved by the Armed Forces Medical Research Committee (AFMRC) of which DGAFMS is the Chairman and the three DGs MS, Commandant, AFMC, Addl. DGAFMS, Senior Consultants and six eminent Civilian Scientists are the members.

**(vi) Production**

The College is responsible for manufacturing and supplying antigens and antisera for diagnostic use in pathological laboratories, dried plasma, transfusion fluids, intravenous giving sets and blood grouping sera to medical units in Southern Command. In addition it runs a blood bank for the supply of blood and blood components to Service Hospitals in Pune-Kirkee Complex.

**(vii) AFMAC Projects**

The College undertakes medical research projects which are known as Armed Forces Medical Research Committee Projects. They are sanctioned by the competent authorities. The projects are undertaken after getting the fund allotted. Apart from financial reports sent periodically, physical progress reports in respect of individual projects are sent annually by the College for scrutiny/evaluation - by Experts Committee in DGAFMS office. The reports with the recommendation of the expert committee are considered in the AFMRC meeting held at AFMC Pune. Most of the projects are connected with matters pertaining to Diagnosis and treatment and are not related to production.

(viii) The Sections / departments of the AFMC may be classified broadly Into HQrs. and other branches/departments in Medicine such as ENT, Anesthesia, Paediatrics etc.

(ix) Apart from - the normal documents maintained by any Army Units

relating to cash, M.T. Stores accounts, the documents peculiar to the AFMC that are maintained are:

**(a) Dean Office**

1. Monetary Grant Expendable Ledger
2. Monetary Grant Non-expendable Ledger
3. Monetary Grant Sports Ledger
4. Monetary Grant Dramatics Ledger
5. Monetary Grant Gymnasium, Ledger
6. Caution Money Ledger

**(b) Library**

1. Books Ledger - Graduate Wing & Post Graduate Wing
2. Journals Ledger
3. Loss Statement Register 4. Stock Register

**(c) Central Medical Stores**

1. Expendable and Non-expendable Ledgers
2. Receipt-Controls Register (Regular)
3. Receipts Controls Register (AFMRC)
4. Issue Control Register (Regular)
5. Issue Control Register (AFMRC)
6. Loss Statement Register

**(d) Blood Transfusion Department**

1. Expendable & Non-expendable Ledgers
2. Receipt Control Registers
3. Issue Control Registers
4. Railway Claim Register
5. Loss Statement Register
6. Loan Issue Register
7. Salvage Stores Ledger

**(e) Accounts Section**

Public Fund Cash Book & Connected documents

**(f) College of Nursing**

Monetary Grant Expendable & Non-Expendable Ledger

**(g) Dental Surgery**

Dental Treatment Register

**(h) Blood Bank**

Blood Bank Register

**(i) Radiology Department**



1. X-ray Examination Register
  2. X-ray Equipment ledger
  3. Physics Equipment Ledger
  4. X-ray Films & Chemical Ledger
  5. Salvage Stores Ledger
- (x) Per Capita Cost of Training in Armed Forces Medical College, Pune as Annexure 'A' to this chapter.

(xi) **Audit Procedure**

The following are the important points to be seen in the course of test audit of the accounts of the College:

- (a) Whether the amounts expended from the allotments, if any sanctioned, are in pursuance of the object for which they were granted and that there is no unauthorised diversion of funds;
- (b) The expenditure incurred was really necessary and there is no tendency towards extravagance;
- (c) Whether the expenditure under each grant has not exceeded the allotment;
- (d) Whether the allotment under the grant was sufficient and paucity of resources has not affected the training;
- (e) While resorting to local purchase, the prescribed procedure has been followed correctly and stores have been purchased at competitive rates;
- (f) The stores purchased out of the grant have been correctly accounted for in the prescribed ledgers;
- (g) Stock verification of stores have been carried out promptly and deficiencies/ surplus, if any, have been investigated;
- (h) That all losses have been investigated and necessary loss statements have been prepared and the losses have been written off by the CFA;
- (i) While payment of advance to the firms for supply of journals/periodicals, Government interest should be protected;
- (j) Whether the equipments procured specifically for AFMRC projects are utilised properly. Also it should be seen that there is no delay in utilisation of the equipments;
- (k) Whether procurement of stores for the research projects have been done promptly. Also it should be seen that stores procured for the projects are not lying idle without utilisation;
- (l) Whether the targets fixed by the DGAFMS in respect of production of I.V. fluids by the BTD have been achieved or not. In case there is shortfall in production the reason should be ascertained and analysed;
- (m) It should be seen in the DGAFMS as to whether the research projects sanctioned were executed within the stipulated time and cost frame, proper monitoring was there and achievements of the projects were circulated and included in the Regulations for the Medical Services of the Armed Forces;
- (n) In case of foreclosure of projects the points mentioned in Chapter 44 in respect of R & D projects should be looked into.

- (o) Per capita cost of training in Armed Forces Medical College may also be analysed w.r.t position explained in Annexure 'A' to this chapter to see whether funds on training of students are gracefully utilized.

### **Armed Forces Medical Stores Depots**

- 764 (i) a) Armed Forces Medical Store Depots are responsible for the stocking and issue of Medical Store and Equipments including veterinary stores to the three wings of the Armed Forces, Military Farms, Military Schools, Civilian Medical Store Depots, Armed Forces Family Welfare Centres, Red Cross Homes for disabled service personnel etc. The functions relating to forecasting, provisioning and procurement of medical stores and equipments are carried out at the Headquarters Office of the Director General, Armed Forces Medical Services based on Provision Review Directives approved by Government. Medical Store Depots function at Delhi Cantt., Bombay and Lucknow to cater for the requirement of medical stores on regional basis, and the Depot at Pune caters for the requirements of Electro-medical, electrical and X-Ray equipments on All India basis.
- (b) Transfusion stores and equipments are supplied by Armed Forces Medical College-Pune, Armed Forces Transfusion Centres at Delhi Cantt. and Calcutta on regional basis. These formations are miniature Armed forces Medical Store Depots relating to stores and equipment dealt with in the relevant section of the PVMS.
- (c) There are Advance Medical Store Depots and Forward Medical Stores Depots to cater for the needs of field units/establishments and they are dependent, on the AFMSDs for replenishment / maintenance. Base repair facilities for Electro Medical Equipment is provided for at Pune on All India basis while base repair facilities for other equipments is provided for at designated Army Base Workshops.

#### **(ii) Accounting Procedure**

The accounting procedure in AFMSD is similar to that followed by other Store Depots. In addition to various accounts as maintained as for Army Units/Formations and labour records as for a Store Depot, Store accounts are maintained in Store Account Cards as per Groups in the PVMS as brought out in Annexure 'A' to Section 3 of Chapter IV of Army Local Audit Manual Part.I.

#### **(iii) Issues from AFMSD**

- (a) No stores are to be issued to private parties except with the prior sanction of the Government.
- (b) Payment Issue will be made to Indentors as given in Para 184 ALAM Part I at prices indicated in the Priced Vocabulary published by Ministry of Defence (Defence Finance).

#### **(iv) Audit Procedure**

- (a) The accounts maintained viz. Cash, stores, Q and M.T. like any other unit/ formation and labour records would be audited; on the lines as brought out in Chapter 28.

- (b) Apart from the detailed audit instructions contained in Section 3, Chapter IV of Army Local Audit Manual Part I, the important audit checks that should be covered are :

### **1. Receipts**

Stores and Equipments are received by (A) imports (B) through central purchase, (C) through Department of Defence Supplies in respect of items requiring indigenous development and (D) Local Purchase.

aa) In respect of store / equipment received by import the points to be looked into are :

- there has been no delay in clearance of stores / equipments where the responsibility had been that of the depot and that no avoidable payment of extra wharfage / warehousing charges had been made.
- Justification exists for stores/equipments airlifted and that such stores / equipments are issued immediately.
- Claims for stores / equipment shortlanded / damaged had been preferred in time and that there had been no failure on the part of Depot / Embarkation Headquarters.
- Cases may arise where equipment and / or its sub-systems though installed at users end, may be found defective within the warranty period requiring replacement. Action taken to obtain the replacement to make the equipment available for clinical use should be examined. Specific cases of inordinate delay should be subjected to indepth analysis for possible comments.
- Costly equipments are procured on turn key basis
- Essential maintenance spares are catered for alongwith the equipment and contract / order caters for supply of maintenance / spares for periods subsequent to warranty period
- Contract/ order provides a guarantee for trouble free performance for specified periods after acceptance by the ultimate consignee after satisfactory installation.
- Free routine servicing / maintenance during warrantly period.

bb) In respect of stores / equipments procured indigenously either by central purchase or local purchase the points to be seen are :

Equipments procured indigenously through Technical Committees / Central Purchase provide for a period of warranty as well as advance payments. Such equipments received after inspection, sometimes are found to be not operational, due to malfunction of some components requiring rectification. Action taken for expeditious rectification should be examined, with a view to ensuring, that equipment so received are not held without issue to user units. Also issues made to user units should be collected for verification, whether the equipments are put to intended use at users' end.

- Action is taken immediately to get free replacement of medicines deteriorated prematurely (i.e. within 90 days of reporting the defects) with adequate follow up action by issue

of reminders.

- Placing of rate enquiries / Supply Orders on defaulting firms is stopped as envisaged in DG AFMS letter No.5567/Genl/DG AFMS/DG-2E dated 1.12.86 and that no orders are placed on defaulting firms.
- Cost of defective drugs is recovered from pending bills of the defaulting firms

(Ministry of Defence ID No.F.1 (3)/88JD(Med) dated 2.2.90) and DGAFMS New Delhi letter No. 5567/Policy/DGAFMS/DG/2E dt. 31.10.97 )

- Medical Stores procured in urgent cases without pre- inspection are subjected to post lab tests as envisaged in Government of India. Ministry of Defence letter No. 769/DG AFMS/DG-2E/2900/D(Med) dated 21.7.83 and DG AFMS letter No.769/DGAFMS/DG-2E dated 29.11.83.
- Action as required on Post Lab Test Report is taken
- Requirements for local purchase are clubbed and that no significant divergence in rates obtained are noticed. Direct tenders exceeding Rs.50,000/- are effected with the approval of Tender Purchase Committee.
- Packing material is normally to be supplied by Ordnance, Extent of packing material procured through local purchase should be examined and it should also be ensured that serviceable packing materials are returned by units. It should be seen that if the packing material received from units are condemned as scrap wood It is backed by findings of Board of Officers. Transportation incurred on such cases of return cannot be viewed as fruitful.
- Rates of medical stores procured by local purchase by units on Non-availability certificate from AFMSDs should be compared with purchase rates / PVMS rate and that they are within the permissible variations prescribed by DG AFMSD from time time.

## **2. Storage / Preservation**

Storage conditions available in the Depots should be examined with a view to ensuring :-

- A) Orders regarding effective preservation of stores are adhered to.
- B) Certain medical stores (as Life saving, short life medicines) and electronic equipment require controlled ambient conditions. How such conditions are attained should be looked into, to find out, whether any uneconomical methods of cooling are adopted and where cold storage or cool rooms are available, they are functional. It should also be ensured that no medicines have deteriorated for want of such conditions.

## **3. Issue of stores / equipment**

The points to be seen in this respect are :

- A) Stocks held should be examined with a view to finding out that shelf life medicines are issued in time and are not found unfit for issue due to expiry of life.

- B) Imported equipment are not held in depots for unduly long period.
- C) Issue made to Advance Medical Store Depots / Forward Medical Stores Depots are not taken into account for purpose of arriving at monthly maintenance figures.
- D) Non availability certificates issued for want of stocks should be examined, to find out whether the inabilities were due to defective provisioning or as a result of unpredictable demands. Cases of issue of non-availability certificates due to delay in provisioning resulting in local purchase at extra cost should be examined with a view to high lighting the extra expenditure caused as a result and such cases should be reported to HQrs. office for examination at DG AFMS.
- E) As allocation of stocks is planned centrally large scale inter depot transfers should be analysed to find out the reasons therefor and extra expenditure incurred on transportation suitably commented.
- F) Inactive stores should be reviewed to ascertain the reasons for non-issue.
- G) As per AO 30/87 laying down the procedure to be adopted in the Repair and Inspection of medical, dental and veterinary equipments of the Armed Forces, repair, responsibility of Non electro medical equipment is vested in field repair workshops or designated Army Base workshops. In respect of electro medical equipment light and field repairs are to be carried out in Command Repair Cells/ATEs or the Nodal Field Workshop EME as designated by DG EME and responsibility for base repairs is that of AFMSD Pune. Equipment sentenced beyond local repairs are back loaded by the units to the dependent AFMSD or AFMSD Pune. Non-electro medical Equipments held by AFMSDs are classified by a team from the concerned Base Workshops (Class 'X' items requiring only workshop facilities, Class 'Y' items requiring availability of spares and Class 'Z' items being those beyond economical repairs) and action for repairs taken as brought out in para 12 of AO 30/87. Base repairs of Electromedical equipment are carried out in AFMSD Pune.
- H) Such repairable holdings should be examined with a view to finding out that class 'X' equipment that could be sent to Base Workshop for repairs on WOs are sent expeditiously and return of the repaired equipment watched.
- I) In respect of Class 'V' equipments for which spares are required, it should be verified, whether indents for spares had been placed in time and that there is no undue delay in calling for the equipments by Base Workshop on spares becoming available and that the equipments are returned after repairs without delay.
- J) Consequences of delay in repair should be examined to find out, whether any fresh procurement, had to be resorted to or whether such delay had affected any demands from medical units being not met, with resultant effects of inadequate medical cover being available at the unit end.
- K) Base repairs to electro medical equipment are required to be carried out in AFMSD Pune. Action taken for speedy repairs should be looked into with a view to ensuring that there is no delay and in the event of delay

consequences of such delay should be examined.

- L) It should be seen that in respect of repair of low population sophisticated equipment identified to be repaired by a civil firm / supplier, necessary repair support is provided for in the procurement contract and that such repairs are carried out as per the terms of contract.
- M) It should be seen whether scales for procurement and stocking of spares for all medical equipment had been prepared by HQrs. TG EME /AFMSD Pune and are held in stock for issue at the time of repairs without delay.

#### **4. Works Services**

- A) Delay in execution of works services sanctioned for provision of storage stand-by facilities or cooling facilities etc. should be examined with a view to ascertaining (aa) the impact of such delay on the storage of equipments / stores and (bb) alternate arrangements made for keeping such requirements with resultant financial effect due to alternate arrangements.
- B) Similarly works services initiated by the Depots but not sanctioned should also be scrutinised with a view to finding out whether delay in according sanctions had any consequential effects.

#### **Armed Forces Transfusion Centres**

- 765** (i) (a) These centres act as miniature AFMSD in respect of items listed in Section 27 of PVMS
- (b) Manufacture of crystalloid solution from raw chemicals
  - (c) Production and supply of blood plasma and sera.
  - (d) Collection and supply of blood to medical units / hospitals.
  - (e) Assembly and issue of blood transfusion sets to medical units / hospitals.
- (ii) Accounts are maintained in Stores section ledger cards.
- (iii) The accounts of AFTC are scrutinised in audit to see that:
- (a) they are maintained as prescribed.
  - (b) sets broken up into various components are surveyed at prescribed intervals, reconditioned and serviceable parts brought on charge in Ledger cards through transfer vouchers and unserviceable parts are sent to salvage.
  - (c) Components used for assembly of B.T. Sets and chemicals used in the preparation of crystalloid solutions are charged off through Transfer Vouchers and corresponding quantity of assembled sets and manufactured solution brought on charge in ledger cards.
  - (d) Blood collected from Donors on payment is properly brought to account.
  - (e) Plasma & Serum registers are properly maintained.
  - (f) Issues of blood to civil hospitals etc, are made only on fulfillment of conditions prescribed for issue and amounts realised are properly remitted.

#### **Artificial Limb Centre**

**766.** The procedure for maintenance of accounts and points to be looked in audit are Indicated in Paras 204 etseq of Army Local Audit Manual Part I. The centre

has also a convalescent wing attached to it. During audit, it should be seen that the recovery of boarding / lodging charges is made at rates prescribed by Government from time to time.

### **Military Hospitals**

767. (i) Command Hospitals, Military Hospitals and Section Hospitals are located in Cantonments to provide for outdoor and indoor medical care. to entitled Service personnel and their families, Civilians paid from Defence Service Estimates and their families not covered by CGHS, ex-servicemen and their families and non-entitled personnel, subject to availability of accommodation and urgency of the case. Certain hospitals also perform additional function in the capacity of referral hospital for specialist services to other service hospitals, teaching hospitals, impart training to doctors for pre-registration, internship, post graduate courses ab-initio and specialist training and basic practical training. Research and Development Projects are also assigned to Hospitals. M.I. Rooms function as part of units/formations /establishment.

#### **(ii) Accounts**

In addition to the various store ledgers, returns and transport accounts required to be maintained by consuming units, hospitals maintain ledgers, returns etc. as indicated in Para 315 of Army Local Audit Manual Part I.

#### **(iii) Audit Procedure**

- (a) Instructions contained in the Regulations for the Medical Services, paras 161 to 169 of Store Accounting Instructions (1965 Edition) and Chapter VI of Army Local Audit Manual Part I should be studied carefully.
- (b) General arrangements of hospital buildings, location of wards, location of various stores, general method of admission should be studied and the general form of domestic economy of hospital should be examined.
- (c) In regard to food of patients, it should be seen how supplies are received, how they are stored, how issued and the link between the demand in requirements of patients in the wards with supply from the store rooms and the kitchen of the hospital correlated. Maintenance and replacement of crockery etc. blankets, linen and hospital clothing should be examined similarly. Process of indenting for drugs and surgical instruments and appliances, storing them, issuing them and replacing them and controlling the stores should be thoroughly understood.

#### **(iv) Processes of Audit**

Apart from an audit of the accounts maintained as a consuming unit as brought out in Chapter 28 the important audit aspects that should be looked into during the test audit of the hospitals are :

- (a) (1) Admission and Discharge Registers for admitted and detained cases should be scrutinised to see that (A) persons admitted for treatment are entitled to or covered by sanction of the Station Commander (B) Hospital Stoppage Rolls have been correctly preferred where necessary with reference to rates applicable as per Appendix 5 to Regulations for the Medical Services (as amended) and sent to the authorities concerned for recovery and (C) necessary recoveries had been made in cash in respect of non-entitled personnel and the amount

credited to Govt. with the least possible delay.

Note : A list of 10 Hospital Stoppage Rolls showing full bill particulars viz. Account No. Rank. Full Name etc. should be prepared after the audit of each Military Hospital and sent to DA DS SC Pune, DA DS AF & Navy for verification of recoveries in I.R.L. Accounts of officers concerned.

- 2) Register of patients treated in the X-Ray Department and Laboratory should be scrutinised to see that hospital stoppages, fees realised from non-entitled personnel are realised for credit to Government.

(b) Diet returns should be scrutinised to ensure that;

1. the articles of diets and scales of dietary are authorised
2. the number of diets shown in the daily requisition of diets and extras is in accordance with the number of patients in the hospital. In regard to issues of extras it should be seen that it has been ordered on ward diet sheet by the Medical Officer-in- Charge of the ward as prescribed in the Regulations for Medical Services.
3. the number of tea rations has been correctly drawn according to the number of appointments notified in hospital orders.
4. no hospital diet is issued to patients in hospital for observation as these patients are to be subsisted on extras.
5. only 'O' (ordinary) diet is issued to sick attendants.
6. scales have been prescribed for fuel used and that the fuel used is an economical one.
7. oil and fuel are not issued to unoccupied wards.
8. patients below the age of 10 years are given only half the scales authorized for adult patient.

(c) Clothing ledgers should be examined to see that unauthorised loan issues had not been made.

(d) Turnover of short life items of medical stores are carried out in accordance with instructions issued on the subject and that expeditious action is taken to obtain replacement in respect of medical stores deteriorated prematurely besides examining the circumstances leading to such deterioration.

(e) Medical stores not likely to be consumed during their shelf life are declared in advance for use by other hospitals where possible. .

(f) Local purchase against non-availability certificate do not exceed a month's requirement at a time.

(g) Cases of Patients transferred to civil hospitals, Medical Colleges etc. for special investigation should be examined to see whether such transfers were due to non-functioning of equipments or non-availability of specialists.

(h) 1. Machinery equipments, apparatus lying unutilised for considerable period should be examined to ascertain the reason therefor and its impact on provision of proper medical cover to patients.

2. Units holding medical equipments are required to submit a monthly return in Form M.E. 1 (as per AO 30/87) to the dependent field repair workshop / Nodal field workshop / Command Repairs Cells as the case may be. Such reports should be examined to find out action taken



thereon for speedy repairs / replacement of the repairable equipment held.

3. Reports of Annual Inspection carried out by prescribed authorities to assess the technical fitness and state of maintenance should be studied to find out whether any aspects contained therein would require to be commented upon.
  - (i) Persistent deficiencies in posted strength in any particular category (Specialist, Technician, Physiotherapists etc.) vis a vis availability of necessary infrastructure i.e. X- Ray machine, ultra sonic machines, traction etc. should be examined with a view to finding out the effect thereof on the functioning of the hospital and efforts made to make up the deficiencies.
  - (j) Availability of transport vehicles viz. Ambulance etc. against authorisation should be examined with a view to finding out its impact on the functioning of the hospital. Excessive utilisation of Ambulance on admin. duties should also be looked into.
  - (k) Provision of standby facilities should be studied with reference to authorisation with a view to finding out the impact thereof due to non-provision / delay in provision.
  - (l) Register of losses should be scrutinised to see whether frequent loss of same / alternate items are noticed.
  - (m) Demands for new works required for the hospital should be examined with reference to requirements projected, delay in case of sanction and consequential repercussions. Work Services sanctioned and executed should be examined to ascertain whether they have been put to the intended use.
  - (n) Training facilities provided in specified hospitals are fully utilised and that infrastructure provided for the purpose is not allowed to remain unutilised.
  - (o) R&D Projects taken up for study are successfully completed without being foreclosed and in the event of projects being foreclosed, the reasons therefore with financial effect of such foreclosure should be examined.
  - (p) Stock taking of medical stores is carried out at quarterly, half yearly and annual intervals depending on whether the storage (1) Short life Group 'A', controlled items (2) Short life Group 'B' and alternative items and (3) other items
  - (q) Expenditure incurred on Family Welfare Centres attached to Military Hospitals towards provision of Family Planning method are reimbursable by the Ministry of Health and Family Welfare. It should be verified that action as required is taken by the Military Hospital to forward the requisite vouchers to the regional CDA concerned for necessary action.

### **Dental Centres**

**768** (i) In addition to Cash Account, Railway Warrants etc. MT Accounts and other store ledgers, the following accounts are also maintained.

- (a) Surgical and X-Ray Equipment ledger (for Dental / Medical equipment, and Instrument)
- (b) Expense Sheet Book
- (c) Dental Treatment Book

- (d) Appliance Book Dental
- (e) Dental Treatment Register (Non entitled patients)
- (f) Red .Cross store ledgers including gift stores

(ii) The audit aspect brought out in Para 334 Army Local Audit Manual Part I would be borne in mind in addition to general aspects brought out in para 767 above relating to audit of the accounts of Military Hospital.

### **Laboratories and Spectacles Centre**

769. (i) During audit of the above mentioned formation, provision of para 327 to 331 and para 335 of Army Local Audit Manual Part I should be borne in mind.

(ii) The financial powers of DGAFMS, DGMS (Army) and officers below them are given in Appendix enclosed.

### **Veterinary Hospitals**

770 (i) (a) Besides Cash Accounts, Railway Warrants Credit Notes, M.T. Accounts, normally maintained by consuming units the other accounts maintained are indicated in para 324 of Army Local Audit Manual Part I.

(b) Rations for animals under treatment in Class I hospitals are obtained from ASC. For animals under treatment in other hospitals, rations are obtained from the unit to which they belong.

#### **(ii) Audit Procedure**

In addition to the aspects brought out in para 325 Army Local Audit Manual Part I and the checks relating to Military Hospitals where applicable, it should be seen that provision of the Veterinary Regulations relating to title to free treatment and free forage are adhered to and that procedure for accounting of and disposal of hides and skins of dead animals belonging to Government exists and is followed.

### **Books / References to be consulted during Audit**

Regulations for the Medical Services

Store Accounting Instructions

Army Local Audit Manual Part I

Ministry of Defence letter No.34893/1/DGAFMS/DG-2/(Plg)1407/92/ D(Med) dated 31.3.92 regarding delegation of Financial Powers to DG AFMS and units under his Administrative Control;

DG AFMS letter No.5567/Gen/DG AFMS/DG-2E Dt.1/12/86 regarding delay in obtaining free replacement of medicines deteriorating prematurely.

Ministry of Defence ID No.F.1 (3)/ 88/D(Med) dated 2.2.90 regarding: Procurement of Medical Stores and equipment. Avoidance of procurement of substandard material.

AO 30/87: Repair and Inspection of Medical, Dental, and Veterinary equipment of the Armed Forces.

A I 94/76 - Hospital Diets and Extras.

DGFMS Letter No. 5567/Policy /DGAFMS/DG-2E dt 31.10.97 regarding Procedure for disposal of defective drugs and other expendable stores.

DGAFMS Letter No. 769/DGAFMS/DG-2E dt 30.9.2002 regarding Local purchase of Medical Stores.

**Annexure – ‘A’**  
**[reference to in para 763 (xi)(o)]**

**Per Capita Cost of Training in Armed Forces Medical College, Pune**

1. Per capita cost of training has been worked out for all categories of students and trainees in AFMC undergoing various diploma and degree courses. While calculating the cost of training, figures and data for the last three years have been considered for accounting.
2. On an average 232 Postgraduate, 605 Undergraduate, 22 College of Nursing and 410 JCOs/OR students / trainees are present in pursuance of their various diploma and degree courses at any point of time.
3. **Types of cost:** While costing the following types of costs have been considered based on the direction of the office of the DGAFMS, vide their letter No DGAFMS/DG-1 D dt 30 Oct 2002.
  - (a) Capital cost (yearly)
  - (b) Non-capital cost (yearly)
  - (c) Aggregate cost by adding capital and non-capital cost
4. Detail .of the various cost elements under respective heads are as follows:
  - (a) **Capital cost**
    - (i) **Building:** Rental values of all buildings of AFMC were calculated based on the total covered areas at the rate of Rs.32/- per sqm as per the guidelines of DBO, Pune vide their letter No B/32/ NIX! 121 dt 21 J an 2002
    - (ii) **Furniture** Depreciated annual values of all furniture were calculated. Calculation of rental values for furniture would have been more appropriate but same could not be obtained as there is no item wise rental valuation of furniture in MES.
    - (iii) **Transport.** Yearly cost of transport was calculated in detail on the basis of straight line depreciation method.
    - (iv) **Equipments.** Yearly Cost of various equipments was calculated on the basis of depreciation.
  - (b) **Non-capital Cost.** Elements covered under this sub head are as follows:
    - (i) **Adm & Instructional staff.** Pay and allowances of all staff i.e. service Officers, JCOs/ OR & Civilian staff who are involved in training have been computed in detail. Average pay has been considered for calculation. Expenditures on P&A of instructional staff have been suitably apportioned to various categories \ of trainees; where as only 70% of P&A of administrative staff were considered for apportioning.
    - (ii) **funds and Grants.** Following funds were included on yearly average allocation basis and apportioned to various categories:
      - (aa) I&M .grant
      - (ab) TT & IE Grant
      - (ac) Library Grant
      - (ad) ETG
      - (ae) A TG

- (af) Information Technology Grant
  - (iii) Yearly Cost of consumables used by all departments i.e. consumables for equipments, investigations and administrative work etc have also been calculated and apportioned accordingly.
  - (iv) **Cost of services.** Cost pertaining to following services was calculated and apportioned accordingly:
    - (aa) **Transport.** Yearly expenditures of FOL and fixed maintenance costs involving transport was computed.
    - (ab) **Electricity.** Annual expenditure on electricity was taken from MES based on the amount directly consumed by AFMC.
    - (ac) **Water.** Annual expenditure on water has also been taken from MES.
    - (ad) **Maintenance.** Total annual maintenance expenditures has been collected from Quartermaster Office.
    - (ae) **Telephone** No of telephones and average expenditure on each telephone was calculated on yearly basis.
    - (at) **Stationeries.** Cost of stationery items received and purchased against NA.
    - (ag) **AFMRC-** Annual average Grant was taken and apportioned.
  - (v) **Miscellaneous Cost.** Cost elements under this category were related to undergraduates, hence they are allocated to undergraduates only. Grants under this category identified are as follows:
    - (aa) University fees for MCI recognition/University recognition
    - (ab) Examination charges
    - (ae) Student T A/DA
    - (ad) Students Monetary Grant
    - (ae) Grants in Aid
    - (at) Admission Test
    - (ag) Students Personal Allowance
    - (ah) Ration money (for Under graduate students)
  - (vi) **Hospital Cost** Total annual cost towards 196 civil beds is apportioned to Undergraduates as it is mainly established for under graduate teaching.
5. Average No of trainees in last three years were as follows:
- |                                   |      |
|-----------------------------------|------|
| (a) Postgraduate trainee-         | 232  |
| (b) Undergraduate students-       | 605  |
| (c) College of Nursing trainee-   | 22   |
| (d) JCO/OR for technical courses- | 410. |
6. Apportioning of the cost towards training of postgraduate, undergraduate, nursing and JCO/OR has been done on the basis percentage of time spent by the staff and resources consumed on the training of these different categories of students and trainees. In this context the recent studies available on the subject were referred to and discussion with various functionaries of AFMC was held to arrive at the percentage of that could be apportioned to various

categories. Details are enumerated as under:

- (a) Postgraduate trainee- 38%
- (b) Undergraduate students- 50%
- (c) College of Nursing trainee 2 %
- (d) JCO/OR for technical courses 10%

7. Data thus collected have been collated and analyzed to arrive as per capita cost of student/trainee under each category, which are as under:

- (a) Postgraduate trainee: Rs 6733/- per week
- (b) Undergraduate students: Rs. 5387/- per week
- (c) College of Nursing trainee: Rs. 3737/-per week
- (d) JCO/OR for technical courses: Rs. 1 003/-per week

**Appendix - B**  
**Financial Powers of Medical Officers**

**Financial Limit**

|      | Without consulting IFA/CDA  | In consultation with IFA /CDA | Remarks   |
|------|---|-------------------------------|---|
| I(a) | (a) Powers to sanction expenditure on any of the objects enumerated in Rule 58 (A)        |                               |   |
|      | DGAF MS (For AFMSD only)  | Rs. 60000/-*                  | * on each item in AFMSD   |
|      | DG MS (Army)  | Rs. 50000/-**                 | ** per item in respect of INMAS DIPAS and Research projects. The limit per item or number of similar items at a time subject to availability of funds with the sub-allotment. |
|      | Commandant, AFMC Pune   | Rs. 10000/-                   |   |
|      | OC AFMS D (of the rank of Lt.Col and above) of AFMSDs Bombay, Lucknow, Delhi Cantt.. Pune | Nil                           |   |
|      | ADMS Division   | Nil                           |   |
|      | DDMS Corps  | Nil                           |   |
|      | DDAFMS  | Rs. 1000                      |   |
|      | DDMS Command  | Nil                           |   |
|      | <b>Medical Stores Depot</b>   |                               |   |
|      | DG MS (Army)  | Nil                           |   |
|      | DDs MS (Command)  | Nil                           |   |
|      | OC Adv. Medical Stores Depots   | Nil                           |   |
|      | OC Forwarded Medical Stores Depot   | Nil                           |   |

| <b>Hospitals</b> |   |               |              |              |  |
|------------------|---|---------------|--------------|--------------|--|
|                  | OC Hospital of the rank of Col. & below   | Rs. 5000/-    | Nil          | Nil          |  |
|                  | OC Hospital of the rank of Brig. & above  | Rs. 10000/-   | Nil          | Nil          |  |
|                  | ADMS of Ind. Sub Area   | Rs. 5000/-    | Nil          | Nil          |  |
|                  | ADMS Division   | NE            | Nil          | Nil          | For all medical/Dental units under their respective jurisdiction |
|                  | DDMS Corps  | Rs. 10000/-   | Nil          | Nil          |  |
|                  | ADMS Area, DDMS (Command)   | Rs. 20000/-   | Nil          | Nil          |  |
|                  | Commandant Ind. Sub Area/Sub Area/Brigade   | Rs. 100000/-  | Rs. 15000/-  | Rs. 15000/-  |  |
|                  | Area/Div. Commander   | Rs. 150000/-  | Rs. 30000/-  | Rs. 30000/-  |  |
|                  | Corps Commander   | Rs. 225000/-  | Rs. 60000/-  | Rs. 60000/-  |  |
|                  | GOC-in-C  | Rs. 400000/-  | Rs. 100000/- | Rs. 100000/- |  |
|                  | VCOAS   | Rs. 1000000/- | Rs. 500000/- | Rs. 500000/- |  |
|                  | <b>DGAFMS</b>   |               |              |              |  |
|                  | 1. DGAFMS in respect of losses of imported Sera and vaccine in AFMSD  | Rs. 100000/-  | Rs. 100000/- | Rs. 50000/-  |  |
|                  | 2. DGAFMS in respect of books and other publications held on the charge of DGAFMS Tech. Library.  | Rs. 100000/-  | Rs. 100000/- | Rs. 50000/-  |  |
|                  | DGMS (Army) in respect of losses of imported... sera and vaccine in hospitals/medical units and Base Depot, MSD, Medical Stores and Sub Depots Medical Stores | Rs. 50000/-   | Rs. 50000/-  | Rs. 25000/-  |  |
|                  | c) Powers to sanction write off of losses of public money AFMSD-DGAFMS  | Rs. 100000/-  | Rs. 10000/-  | Rs. 10000/-  | Schedule VII   |

| <b>Financial Powers</b> |  |  |                                  |   |
|-------------------------|--|--|----------------------------------|---|
|                         | <b>Powers in regard to Indents, contracts and purchases</b>  | <b>Without consultation of IFA/CDA</b> | <b>Inconsultation of IFA/CDA</b> | <b>Remarks</b>  |
|                         | a) Purchases based on approved scales and authorised by provision review DGAFMS  | Rs. 5 lakhs                            | 5 crore                          | Ministry of Defence Letter No.34893/1/DGAFMS/DG.2 (PLNG)/ 811/89/ D(Med) dt. 2.3.89. as amended vide letter dated 28.1.93 |
|                         | b) Powers to sanction expenditure for purchases and for execution of contracts in respect of categories other than those mentioned at (a) above DGAFMS |  | Rs.5 crore                       | With prior approval of Ministry of Defence  |
|                         | c) Negotiated or single tender contract  |  |                                  |   |
|                         | OC AFMSD   |  | Rs. 1,0000/-                     |   |
|                         | Commandand AFMC  |  | Rs. 100000/-                     |   |
|                         | Commandand ALC   |  | Rs. 5000/-                       |   |
|                         | Officer - in -Charge, AFTC   |  | Rs. 10000/-                      |   |

|     |  |   |                                      |  |
|-----|--|---|--------------------------------------|--|
| III | Powers for Purchase of stores under Rule 147 of FR part I                                | <b>Without consultation with IFA /CDA</b> | <b>In consultation with IFA /CDA</b> |  |
|     | a) Purchase normally effected through CPO but which is proposed to be made direct DGAFMS | Rs. 5 lakh                                | Rs. 50 lakh                          | See item 2(e) of Schedule attached to Min. of Def. No. 34893/1/DGAFMS/DG-2 (PLNG)/ 811/ 89/D dt. 2.3.89 amended to MOD letter dated 28.1.93. |
|     | CO AFMSD   | --  | Rs 10 lakh                           |  |



|  |  |              |             |  |
|--|--|--------------|-------------|--|
|  | b) Powers in regard to direct purchase other than those mentioned at (a) above<br>DGAFMS | Rs. 50,000/- | Rs. 10 lakh | Sch. XIII In association with the concurrence of Dy. Financial Adviser concerned |
|--|--|--------------|-------------|--|

| Financial Limits |  |                                 |                             |   |   |
|------------------|--|---------------------------------|-----------------------------|---|---|
|                  |  | Local Purchases                 |                             | Cash Purchase   |   |
|                  |  | Without consultation of MFD/CDA | Inconsultation with MFD/CDA | Without consultation of MFD/CDA                                       | Inconsultation with MFD/CDA                                   |
|                  | c) Purchase of Misc. items and equipments required by lower formations which are not within the purview of CPO |                                 |                             |   |   |
|                  | DGAFMS   | Rs. 3 lakhs                     | Rs. 1 crore                 |   |   |
|                  | OsC AFMSD  | Rs. 10000/-                     | Rs. 10 lakh                 |   |   |
|                  | OC AFTC Delhi Cantt.   | Rs. 400/-                       | Rs 100000/-                 | Sch. XII (c) Mof D letter dt. 2.3.89 amended MOD letter dated 28.1.93 |   |
|                  | OC Eastern Command   | Rs. 400/-                       | Rs 100000/-                 |   |   |
|                  | Transfusion Centre Calcutta  | Rs. 400/-                       | Rs 100000/-                 |   |   |
|                  | d) Powers in regard to indent for stores of proprietary nature   |                                 |                             |   |   |
|                  | DGAFMS   | Rs. 3 lakhs                     | 1.5 crore                   | Rs. 3,00,000/-  | Min. of Def. letter dt. 2.3.89 amended MOD letter dt. 28.1.93 |
|                  | OCsAFMSD   | Rs. 50,000/-                    | Rs. 5 lakh                  | Rs. 1,50,000/-  |   |
|                  | CO CH (Maj Gen & above)  | -                               | Rs. 3 lakh                  |   |   |
|                  | Commandant Hospital (Brig & below)   | -                               | Rs. 2 lakh                  |   |   |

| <b>Financial Limit</b>   |   |   |
|--|---|---|
| (v) Regularisation of Audit objections arising out of breaches of Rules & Regulations, when the monetary value of the loss could be assessed (Rule 18 FR1) |   |   |
| DGAFMS   | Rs. 5 lakh                                | Schedule XVI                            |
| (vi) Expenditure on introduction of new forms and modification of existing forms   | <b>Without consultation</b><br>Rs. 5000/- | <b>With consultation</b><br>Rs. 50000/- |
| DDMS Commander   |   |   |
| (vii) Miscellaneous & Contingent Expenditure   |   |   |
| DGAFMS   | Rs. 50000/-                               | Rs. 6 lakh                              |
| (viii) Powers to declare to DGS&D for disposal of surplus stores   |   | On each item in AFMSDs                  |
| DGAFMS   |   |   |
| (ix) Works expenditure   |   |   |
| DGAFMS   | Rs. 5,00,000/-                            |   |
| OsC Units under DGAFMS   | Rs. 500/-                                 |   |
| (x) Telephones   |   |   |
| DGAFMS   | Full Powers                               |   |

**CHAPTER- 37**  
**RECRUITING ORGANISATION - ADMINISTRATIVE**  
**FORMATION AND OTHER MISCELLANEOUS UNITS /**  
**FORMATIONS**

**Section – 1**

**Recruiting Organisation**

**771. (i) Recruitment Philosophy and Concept**

Recruitment is the process of identifying prospective recruits and stimulating them to apply/appear for enrolment in the Army to meet requirements of various categories and trade specifications such as Recruitment of Other Ranks (ORs) in the Army accordance with their demands & needs. This involves employing effective measures for attracting candidates in adequate numbers to facilitate effective selection of those who have the potential to become good soldiers.

**(a) Role of Recruiting Organisation**

The role of Recruiting Organisation is to select the best from amongst those who possess the stipulated criteria. All male citizens of India irrespective of their Caste, Class, Religion and Community are eligible for recruitment into Army provided they meet the laid down physical, medical and educational qualification requirements. The overall administrative control of the recruiting organization rests with the Additional Directorate General of Recruiting. Organisational structure of ADG Rtg, HRZ and BRO and their jurisdiction given in Annexure 'A', 'B', 'C' & 'D' of the chapter.

**(b) Recruiting Demand**

The system in vogue in Army is for the recruiting demand to be placed on the Additional Directorate General of Management Personnel by the Line Directorates on a two yearly cycle basis consisting of four six monthly sub cycles, details of which are worked out based on various factors numbers of vacancies required during each six months sub cycles separately. These demands are further distributed by the Additional Directorate of Recruiting to all Zonal Recruiting offices and by them to the Branch Recruiting offices grouped under them for completion, in accordance with the laid down policy. A part from this demand is sub allotted to Regimental Centres by the Recruiting Directorate as proposed by Record offices/Line Directorates and based on the past utilization pattern of the Regiment and is known as the Unit Headquarters Enrolment Quota.

(ii) Annual Recruitment demands of all Arms & Services are arrived at as under:-

(a) Record offices concerned Arm/Service generate figures based on the under mentioned factors:-

(i) Superannuation

- (ii) **Unforeseen wastages** 2% of actual/authorized strength for premature retirement + 1% against any other unforeseen wastage = total 3%
- (iii) **Training wastages** 5% additional vacancies for all Arms and Services. For PARA Regiment, Training wastage is taken at the scale of 5% and 11% for Special Forces Units in the ratio of 60 : 40 of the total vacancies released.

Moreover, the following yardsticks are generally adhered to while allocating demands:-

- (a) 75% of the total Recruiting demands are allotted to Zonal Recruiting Offices unless more demanded by Regiments for Unit Headquarters quota.
- (b) 25% of the total vacancies are allotted to Regiment/Corps training centres as Unit Headquarters Quota or as demanded by Regiments.
- (c) Ladakh Scouts and PARA Regiment 100% through Unit Headquarters Quota.
- (d) 61 CAVALRY 50% to Unit Headquarters Quota, balance 50% to Zonal Recruiting Office Pune, Jaipur and Jabalpur.
- (e) NAGA Regiment 50% to Unit Headquarters Quota 50% to Zonal Recruiting Office Shillong.
- (f) For Gorkhas ratio will be 60% Nepali National Gorkah and 40% Indian Domicile Gorkha in all Regiments.

(Army HQ letter No.B/10201/94-95/Org 2(MP)(C) dated 15.10.93)

Similarly, vacancy allocation is also done. This is done as per fixed class table based on the statistical data of census of India & All India all class vacancies are distributed based on the Recruitable Male Population factor of the zone.

(iii) Similarly the vacancies in respect of Navy, DSC and TA are finalised and their demands are also allotted to HRZs and BROs.

(iv) The types of recruitment done by BROs /HRZs are as under;

**(a) Army**

1. Normal Entry Rate (Non-Matric)
2. Normal Entry Rate (Matric)
3. Matric Entry Rate Clerk/Store Keppers
4. Matric Entry Rate Technical
5. Graduate Entry
  - A. Hav Clks
  - B. Hav Instructors (AEC)
6. DSC
7. APS
8. Pioneer (General Duty)

**(b) Navy**

1. Artificer Apprentices
2. Dockyard Apprentices

### 3. Direct Entry Sailors (Matric Entry Recruits)

- (v) (a) Minimum Educational Standard for Recruitment into the Army has been raised to Matric with effect from 1.4.86 (Army HQrs. letter No.B/07779/0rg 2 MP(C) dated 04 March 86). The educational standard of the candidate would be governed by the place/region where he actually hails from. The minimum educational qualifications for enrolment into Army are given in AHQ letter No.62531/RTG 5(OR)(A) dated 1.2.2002 Physical, Educational, Medical standards and age limits of recruits for the Army are laid down in Special Army Order 4/S/71 as amended. Relaxation to the extent permissible by BROs' are also specified in the SAO *ibid*.
- (b) The actual recruitment is done by BROs who for this purpose make intensive publicity and also undertake extensive touring within their jurisdiction as per prescribed policy from time to time.
- (vi) For the purpose of meeting miscellaneous expenditure and publicity, a grant is given to each HRZ which is sub-allotted to BROs under it. Types of expenditure to be incurred under this grant are detailed in AHQ letter No.B/50523/Rtg(5)(OR)(b)/1 dated 13.5.88.

**772.** (i) Important documents maintained in a Recruiting office are as under;

- (a) Demand and intake Registers
- (b) Irregular enrolment Register
- (c) Publicity material Register
- (d) Complaints Register
- (e) Tour Register
- (f) Outsider sanction Register
- (g) Domicile Register
- (h) Register of Rahdhari Certificates

(ii) Besides this, HRZs / BROs render various reports and returns to Army Headquarters as given below:

- (a) A monthly recruiting progress report comprising of
  1. a narrative report showing progress of recruitment during the month and
  2. Sections I, II, III, IV, V, VI, VII of IAFK 1169 (separately for Army / Navy and Territorial Army) together with an abstract of IAFK 1169 A.
- (b) Quarterly progress report indicating the demand intake and deficiency.
- (c) An Annual report giving a general review of recruiting operations during the year  
(1st April to 31st March).

(iii) The recruiting offices maintain like any other unit / formation other store /cash records.

(iv) Expenditure Utilisation in Zonal Recruiting Offices and Training Centres

#### **(a) Introduction**

Funds under Major Head 2076, minor head 800 Sub Head B(a) 12 are released

by Army Headquarters for Miscellaneous Recruiting Publicity fund (MRPF)/Recruitment Rallies Fund to Headquarters Recruiting Zones. The funds are allotted to meet the expenses incurred in rtg and related activities.

**(b) Aim**

The policy aims to lay down guide lines to ensure effective utilisation of funds and subsequent accounting stores purchased out of these funds.

**(c) Details of Expenditure**

For the purpose of ease of accounting, the expenditure under Miscellaneous Recruiting and Publicity Grant has been divided into three broad categories:-

- (a) Miscellaneous Expenditure
- (b) Recruitment Publicity Expenditure
- (c) Expenditure on Recruitment Rallies.

**(d) Miscellaneous Expenditure**

- (a) Expenditure on office postage and telegram.
- (b) Upkeep of office/office requisites
- (c) Contingent allowance to meet rally expenditure (including typewriters, petrol and computer)
- (d) Upkeep of cycles
- (e) Travelling and subsistence allowance to recruits prior to enrolment.
- (f) Cost of preparation of new boards.
- (g) Purchase of Personnel Announcement equipments.
- (h) Cost of audio/video/photo publicity.
- (i) Preparation of cinema slides and the cost of display in the cinema excetra.

**(e) Expenditure of Recruitment Rallies**

- (a) Hiring and putting up of Shamianas.
- (b) Hiring of Personnel Announcement equipment.
- (c) Engagement of Photographers for photo coverage.
- (d) Arranging press conference.
- (e) Providing tea/snacks to the press Reporters/Dignitaries,civil authorities visiting the rally.
- (f) Publicity through local presses/Audio visual excetra
- (g) Payment of Electricity,Water charges and land rent if organized in civil area.
- (h) Printing of Handouts,leaflets and posters.
- (i) Preparation of track and fixing of route marking and barricading.
- (j) Equipment for physical test consisting of chest numbers,Tape Niwar and sign boards.
- (k) Conservancy Expenditure for toilets excetra.
- (l)** Hiring of Generators.

## **Audit Checks**

**773.** The points to be seen during the test audit of Recruiting offices are:

(i) QM MT Stores and cash assignment etc. are to be checked as in any other units / formations.

(ii) The Misc. and Publicity grant allotted to the BRO /HRZ is to be critically examined to see how far the expenditure is spent for the assigned purpose.

(iii) The BROs are authorised for a vehicle separately for the purpose of Advertisement and Publicity indicated in their PE and hence the utility of the vehicle towards that purpose is to be examined to see that the vehicle is not used for general duties.

(iv) Each BRO is authorised for a Cine projector and a Cine Projectionist posted for the purpose. It is to be seen how frequently is the projector used for the purpose of recruitment and publicity. Similarly the services of the cine projectionist is to be used only for the designed purpose and cases of deviation are objected to.

(v) The intake of soldiers by way of recruitment to be done by BRO is directly linked to the Training to be imparted in various Regimental / Corps training centres and shortfall in the intake of recruit would result in under utilisation of facility created in training centres. In this connection the demand and intake of recruits achieved by BRO is to be seen with a view to seeing that how far the demand placed on the BRO is fulfilled and the reasons recorded for the shortfall should be examined, whether the despatch of recruits is in accordance with the provisions contained in AHQ letter NO.B/50910/RVG (OR)(a) dated 6.7.90

(vi) Surrender of vacancies / demand by BRO should be examined to see whether these were really due to non-availability of eligible candidates.

(vii) Inter transfer of demand between BROs effected by HRZ is to be examined to see that they were not to adjust the over recruitment done by a particular BRO.

(viii) Cases of over recruitment are not allowed to occur due to late receipt of cancellation of demand by HRZ.

(ix) One copy of the Rahdhari Certificate duly acknowledged by the Regimental/Corps Centres is received by BROs. These are to be examined to see that all recruits have reported at the Centre and that there are no cases of irregular recruitment.

(x) The monthly, quarterly and annual recruitment reports rendered by BROs/HRZs should be examined to see how far the demand placed on the BROs is fulfilled.

(xi) The percentages of outsider sanction fixed from time to time is not exceeded by BRO / HRZ and sanction accorded is in accordance with the provisions contained in Army HQrs. letter No.48361/Policy/Rtg 5(OR)(b)(ii) dated 11.2.86.

(xii) The Recruitment stores like test apparatus, weighing machine, scales etc. are in serviceable condition.

(xiii) Recruiting assistants recruited are only for the period so fixed and are not allowed to continue longer.

(xiv) Cases of irregular recruitment as recorded in the register maintained for

the purpose are expeditiously dealt with and necessary remedial/corrective action taken by BROs / HRZs by adopting following actions.

- (a) Whether the candidates with fake/forged certificates and the impersonated to the relevant Police Station.
- (b) Whether case is being progressed on a regular period basis.
- (c) Whether the ZRO/BRO has written to Superintendent of Police in whose jurisdiction the offence was made under intimation to AHQ.  
(Policy compendium ADGR/R5 Officials dt. 10.9.2002)
- (d) Whether follow up action has been taken on a regular basis.
- (e) Quarterly progress report sent to AHQ by ZRO/BRO may also be critically analysed.

### **Documents / Books to be referred**

- 774** (i) Recruiting Regulations for Army  
(ii) SOP of HQrs. Recruiting Zone and BROs  
(iii) Policy files  
(iv) Annual Recruiting Reports

## **Section - 2**

### **Administrative Formations**

**775** (i) Audit of the Accounts of Army HQrs. and Headquarters Offices of Commands, Areas and Sub Area.

#### **(a) Army HQrs.**

1. The Chief of Army Staff at Army Headquarters is responsible to the President, through the Central Govt. for the command, discipline, recruitment, training, organisation and administration etc. of the Army.
2. All military personnel employed in Army HQrs. are attached to Army Headquarters camp National Stadium, for rations, clothing equipment, etc. and the store accounts of this formation are maintained in the same manner as those of other consuming units.
3. The following special accounts are maintained by the various branches of Army Headquarters.

- A. Accession ledgers for library books
- B. Manuscript ledger cards for journal, magazines and newspapers
- C. Defence Headquarters journal
- D. Camp Kit and Civilian Clothing (CAO)
- E. Hot and cold weather amenity stores
- F. Livery
- G. Furniture and office equipment
- H. Photo Section,
- I. Cinematographic production
- J. Publications
- K. Sample ledgers
- L. Expendable Stores Ledgers.



- M. Miscellaneous Stores Ledgers
- N. Psychological test
- O. Laboratory Accounts (QMGST7)

4. The detailed accounting procedure in respect of these accounts are given in paras 180, 181 and 184 of Store Accounting Instructions (1965). The detailed instructions for the audit of these accounts are contained in Section I Chapter IX of Army Local Audit Manual Part I. These as well as paras 170 to 173 of SAI (1965) should be studied before commencing the audit.

**(b) Other HQrs. Formations**

1. Headquarters formations in Commands, Areas and Sub-Areas will maintain Ordnance Clothing, Rations. POL etc. accounts as in units and the audit principles in respect of these accounts are the same as in the case of units. In addition, manuscript register will be maintained by the different branches of HQrs. formations responsible for conclusion of contracts for local purchase of stores as given in para 170 of SAI (1965).
2. Headquarters formations below AHQ, function with branches on lines similar to branches at Army HQrs. viz. GS Branch (also covering signals & education) Admn. Branch (also covering Adjutant & Medical Q Branch (covering Q matters, Supplies and Transport, Ordnance, EME RVC) as per instructions contained in the Standing Operating Procedure. They carry out the assigned functions as per the Standing Operating Procedure as per chart showing organisational set up of Command HQrs., Area HQrs., and Sub Area HQrs. appended to this Chapter and exercise financial powers as vested in them under relevant rules of Financial Regulations Part I, Army Instructions or Government Orders issued from time to time. Apart from the audit of accounts relating to cash, ordnance, clothing, MT, Railway warrants and credit notes and Service Records as is undertaken in units / formations as brought out in Chapter 28, the financial sanctions accorded by the respective authorities would be subjected to test audit to ensure justification thereof and that they do not indicate any unusual features. Similarly contracts if any concluded by such authorities as per powers vested in them would also be subjected to scrutiny (e.g. Rate contract concluded by MG AOC). Works sanctions accorded by the various competent financial authorities would also be subjected to scrutiny / examination as per instructions of Principal Director of Audit from time to time and as brought out in Chapter 26 of this part relating to Audit of sanction.

**(ii) Admn. Commandant / Station Staff Officers**

- a) In each Military Station there is either an Admn. Commandant (in big stations) or a Station Staff Officer, who is the Executive Officer responsible for carrying out the directions of the Station Commander in all matters relating to the maintenance of the discipline and efficiency of the Army in the Station. He is also responsible for allotment of Government owned, hired and leased quarters and other duties connected with the same. The accounts maintained are similar to that of any consuming unit.

- (b) It should be ensured that Station funds, if any maintained, are authorised funds and that realisations which should accrue to Government are not diverted to the credit of Private funds. Where conservancy arrangements of the station are under the control of the Station Commander, the contracts relating to the conservancy arrangements should be scrutinised. It should also be ensured that recoveries for conservancy services rendered to non-entitled persons are effected.

**(iii) Transport Indent Order Form IAFZ 2150**

- (a) The following documents however will be maintained by Local Station / Formation Commands:
1. Transport Indents Register (IAFZ 2152) .
  2. Duplicate copies of IAFZ 2150 returned after completion by the indenting units for record.
  3. Hired Transport Register-M.T. and A.T.
  4. Payment Transport Register
  5. The duplicate copy of the covering memorandum forwarding the contractor's bill to the Controller of Defence Accounts and received back from the Controller of Defence Accounts with intimation as to the payment of the bill.
- (b) Instructions contained in paras 427 to 430 of Army Local Audit Manual Part I (Reprint 1977) should generally be followed. The Transport Indent Register and Hired Transport Contract Deed should be specifically scrutinised. The following points inter alia should be seen:
1. Every effort is made to utilise Government transport to the maximum advantage
  2. The most economical method of transport has been resorted to , unit transport has been pooled on station basis wherever possible.
  3. Hired transport is resorted to only when no Government transport is available.
  4. Transport detailed is against demands for authorised purposes.
  5. Where Govt. stores, regimental stores and personal baggages are conveyed on the same indent, information exists showing the quantities of each class of stores.
  6. There is no undue delay in preferring bills for HT by the contractor for supplies of transport
  7. Acknowledgements from the Controller of Defence Accounts have been obtained and kept on record for payment indents.

**(iv) Chief Administrative Officer, Ministry of Defence, New Delhi.**

In addition to the usual cash and stores accounts, the CAO maintains revenue accounts pertaining to the residential accommodation for officers of all the three Services serving at the Armed Forces Headquarters. The cash, stores and revenue accounts should be subjected to test audit in accordance with the general instructions contained in Chapters 28 and 29 of this Manual.

### Section - 3

#### Defence Accounts Offices

776 (i) CGDA's Office- Audit of Army, Air Force and Navy Lists.

- (a) The CGDA is responsible for the internal check of the Army, Air Force and Navy lists and the draft gazette notifications relating to appointments, substantive promotions, relinquishment, the counting of previous service of officers of the Army (including officers of the Nursing Services, Territorial Army and National Cadet Corps) Air Force and Navy.
- (b) The following points should be specially seen:
  1. **Initial Commission:** It should be ensured that conditions regarding age limits, educational qualifications etc. are fulfilled and the type of commissions granted are in accordance with the orders contained in Army / Air Force / Navy Instructions.
  2. **Promotions:** It should be seen that the officers fulfil the conditions regarding length of service, passing of appropriate promotion examination, that the vacancy in the establishment exists, that the requisite certificate regarding full pay commissioned service has been obtained from the CDA (O) and that the rank and seniority granted to AMC officers in the Air Force and Navy on recruitment are correct with reference to the Army Gazette Notification.
  3. **Ante-date:** It should be seen that the Officers possess the requisite qualifications and the date from which ante-date is granted is correct.
  4. In case of forfeiture of service, relinquishment / resignation of commission, dismissal, retirement, etc. the dates of casualties should be verified with reference to administrative orders and in cases of retirement, it should be seen that the rules regarding age limits are adhered to.
  5. It should be ensured that former service reckonable for pension has been assessed according to Government of India orders issued from time to time and that such service has been admitted in internal audit and duly recorded in Army, Air Force and Navy lists.

#### (ii) Check of PV Rates

Priced Vocabulary Rates of centrally purchased articles are fixed by the respective Service Headquarters/DFAs and are notified in the form of Priced Vocabulary of Stores and amendments thereto. The following points should be seen during the audit of PV rates:

- (a) that the rates are fixed according to the procedure prescribed in Government of India letters issued from time to time.
- (b) that satisfactory arrangements exist for the receipt and disposal of invoices, acceptance of tenders and amendments thereto and factory production cost statements.

- (c) that the rates have been revised whenever the difference between existing and proposed PV rates exceeds 10 % of the existing PV rates (except in the case of ASC articles in respect of which the rates are to be revised monthly quarterly based on latest purchases) and are notified to take effect from the correct date.
- (d) that the rates have been rounded off correctly where required.
- (e) that the sale rates of items included in the AOC Officers' shop (wherever existing) price list, have been worked out simultaneously with the PV rates and intimated to MGO's Branch for publication and circulation to all concerned.
- (f) that there has been no delay in the revision / publication of rates, resulting in loss to the State.
- (g) that in no case the revision of rates has been deferred for want of certain information from DGS&D without suspending its sale, and
- (h) that suitable procedure exists to ensure that all acceptable tenders and invoices have been received and acted upon and that none of these documents are missing.

**(iii) Area Accounts Offices**

- (a) The offices of the Area Accounts Officers functioning under Command Controllers are like miniature PCDA/CDA offices and are primarily responsible for audit and payment of pay and other charge of civilian establishment (Gazetted and non- Gazetted) employed at Army Units and formations located in a particular area.
- (b) The general instructions for Central Test Audit contained in Chapter 10 of this Manual and other specific instructions contained in relevant Chapters of the Manual on the test audit of Pay, Miscellaneous, Transportation, Disbursement and Accounts Sections should be followed while auditing various types of bills, vouchers and documents etc.

**(iv) Local Audit Offices**

Test Audit of Local Audit Offices would be undertaken to ensure that scheduling of vouchers have been carried out as prescribed and that items left to be pursued to finality in internal audit are properly pursued.

**Section - 4**

**Miscellaneous Units**

**777. (i) Military Treasure Chests**

- (a) Detailed orders on the maintenance of the account of the Military Treasure Chests are contained in Appendix 7 of the Financial Regulations Part II which should be carefully studied.
- (b) The Treasure Chest Officer's Cash Account will consist of :
  1. Cash Book
  2. Daily advice of receipts payments

3. Monthly Account Current
4. Monthly Cash Balances Report
5. Assignment Register
6. Postage Account
7. Contingent Register
8. Check Register of Pensioners
9. Register of Cheque Books received and taken into use.

(c) It should be seen :

1. that the Local Audit Officer has certified the cash in the Military Treasure Chest in accordance with the rules in Appendix 7 to FR Part II and Chapter VII, Army Local Audit Manual Part II.
2. that the cash balance is kept as low as possible and not in excess of the limits laid down in para 7 of Appendix 7, FR Part II, and
3. that the Register of Assignment has been posted upto date and that assignments have not been overdrawn in any case.

(d) In auditing the Contingent Register and Cash Book the general rules for local test audit of such accounts laid down in Chapter 28 should be followed.

**(ii) Map Depots**

(a) The following accounts are maintained:

1. Running Receipts Register
2. Running Despatch Register
3. Inventory Record of each sheets.

(b) The audit of receipt and issue transactions will be conducted in the normal manner. Instructions contained in para 408 Army Local Manual Part I should be studied.

**(iii) Stationery Depots**

(a) The main function of a stationery depot is to supply stationery, forms, typewriters and office equipment to all military units and formations. The following records are maintained by a Stationery Depot :

1. Stationery articles / Army - DMR & F No.9 (Bound Ledger) Books and forms and packing materials
2. Consolidated statement of - DMR & F.5 (Loose Forms) daily issue of stationery
3. Typewriters, Duplicator Ledger forms introduced and other office equipment under M of Def. letter No. 864/R/436-APF & S(a) dt. 3.4.50
4. Railway warrants/concession vouchers and other accountable books and forms - IAFZ- 2012 (Register) .

(b) The detailed instructions for the audit of the accounts of Stationery Depot contained in paras 421 to 426 Army Local Audit Manual Part I should be studied before commencing the audit.

**(iv) Sainik Samachar**

(a) The Sainik Samachar the Armed Forces weekly is published in English and in other languages. The function of various sections of Sainik Samachar are given below:

1. **Editorial\_Section**

Each editorial section deals with editing, reporting, proof reading, design layout dummy paste-up, preparation of bills, sending contributors copies etc. and regular contact with the press.

2. **Circulation\_Section**

This section deals with postal orders, M.Os., Bank drafts received from units and individual subscribers. Maintenance of ledgers, supply of lists of subscribers to the Ministry of Defence, Distribution section, distribution of copies of Sainik Samachar, preparation of print orders and also deals with the advertisements etc.

3. **Accounts\_Section**

This section deals with cash, letters, bank transactions, maintaining cash book including amount received through advertisement.

4. **Production\_Section**

This section deals with maintaining schedule of printing, clearing of bills of printers, checking of paper accounts.

5. **Admin\_Section**

General administration of all staff, diary and despatch of routine dak.

(b) A private firm carries out printing of the 'Sainik Samachar'. The paper is supplied by the Armed Forces Information. Officer through the Controller of Printing and Stationery. Payments for the paper is made by the Director General of Supplies and Disposal as a debit against the Defence Services Estimates through the CDA Headquarters who also pays the printing bills approved by the Controller of Printing and Stationery.

(c) The distribution of the weekly magazine is done by the Circulation Section of the Ministry of Defence. The cost of postage is paid by the CDA Headquarters, New Delhi.

(d) The actual contract with the private firm for the publication of the paper concluded by the editorial section should be seen and payments made to it should be audited with reference to the contract and the services rendered as evidenced by the records and books in the Sainik Samachar office. The bills for paper supplied should be audited with reference to correspondence with the Controller of Printing and Stationery. The postage accounts should be audited with special reference to the mailing list.

(e) Accounts of paper stock showing consignments of papers received from various sources, paper consumed (as having been issued to the private firm for printing) and the balances in hand should be critically examined. During the checks of paper accounts registers and paper CRV Register maintained in Production Section, it should be seen that the stock in hand with the private firm is not out of proportions to the amount of security deposit tendered by them. Also the consumption of paper should be

checked with reference to the number of copies printed and the number of pages and size of each issue (of different languages). It should also be seen that the concession in the rates of subscription allowed to certain class of subscribers is covered by the orders on the subject.

- (f) The income of the Sainik Samachar is derived mainly from advertisements and subscription. There are also casual sales at book-stalls.

**(g) Advertisement**

A register of casual advertisers is maintained in a chronological order in circulation section. The payments are mostly in cash. Test Audit will examine this register tracing payments into the cash books maintained in the Account section. The register should also be generally inspected to ensure that there are no outstandings. Similarly, the register of fixed advertisers should be scrutinised and audited. The register differs only from the casual advertiser's register in that each advertiser is given a separate space for his account in which all his payments are recorded. Test Audit should further examine a few of the weekly lists (sent to the firm), of advertisement to be inserted and should effect reconciliation with the name which the registers show as the casual or fixed advertisers. Advertisements appearing in some of the issues of the paper should be traced to the weekly list of advertisements and the register of advertisers to ensure that recoveries have been made for advertisements actually published.

**(h) Remuneration Register**

This register is maintained in Account Section for the contributors and translators. It should be seen in audit that the payment to contributors and translators are made at the prescribed rates.

**(i) Subscription**

The Circulation Section maintains subscription register for individual, unit ledger and local sale register. The basis of the test audit will be the list of subscribers to which the Ministry of Defence Distribution Section sends the paper. This list will be compared with the list of subscribers maintained in the Sainik Samachar office. The office list should be traced into the ledger of subscribers and also into the chronological list of subscribers. The latter will show whether subscriptions are upto date and if any subscriptions are outstanding for an unduly long period, attention should be drawn to them. The ledger entries should be traced from the ledger to the Cash Book and vice-versa

- (j) All entries in the Cash Book of the last month audited by the Defence Accounts Department must be test audited.
- (k) The imprest account should be audited according to the normal rules, recoupment entries being traced into the Cash Book, if they are passed through that book.
- (l) Test Audit will also examine the circulation and actual cost to the Government of the Sainik Samachar. If the paper is running at a loss it should be seen that the expenditure is incurred economically. Cases of extravagance should be commented upon.

### **(v) Fighting Units**

(a) The term fighting unit can be defined as a unit which is mobile and forms part of a fighting formation like Corps / Division / Brigade or is attached to the formation in a specific operational role. The unit as a whole is under the control and discipline of an officer designated as Officer Commanding. In the discharge of his duties relating to maintenance of accounts he is usually assisted by :

1. The Adjutant relating to cash accounts, both public funds as well as imprest, Railway Warrants, Credit Notes and other accounts relating to public funds.
2. The Quarter Master relating to various Store accounts.

(b) The fighting units consist of the following arms:

1. Armoured Corps
2. Artillery
3. Engineers
4. Signals
5. Infantry.

(c) The main composition of these fighting units, other than the Training Centres and Records Offices is indicated below :

**Armoured Corps-** Armoured Regiments, Field survey Mountain, Artillery Medium Anti-Aircraft and Anti-tank Regiments and Coast Defence Units.

**Engineers** - Field Coys, Field Park Coys, E & M Coys, Workshops and Park Coys, Railway construction, Railway Workshop, Indian Water Transport Workshop and Docks Operating Coys.

**Signals-** Signal Regiments of various types, Brigade Signal Coys and Armoured Corps and Artillery Signal Sections.

**Infantry-** Rifle, Machine guns and Para-Battalions Garrison Battalions and Coys.

(d) These units maintain accounts as indicated in the Annexure to Chapter 28 and are subject to test audit as brought out in Chapter 28 of this part.

## **Section - 5**

### **Territorial Army Units**

#### **778 (i) Organisation**

(a) The Territorial Army has been constituted under the Territorial Army Act 1948 (LVI of 1948) and it includes combatant, technical and administrative units to form a balanced force.

(b) The Territorial Army is composed of Provincial and Urban Units of the following arms of Services.

1. Armoured Corps
2. Regiment of Artillery
3. Corps of Engineers



4. Corps of Signals.
5. Infantry
6. Army Service Corps
7. Army Medical Corps
8. Army Ordnance Corps
9. Corps of Electrical and Mechanical Engineers
10. Army Postal Services

- (c) Territorial Units are raised on a Zonal System (para 55 of the Regulations for the Territorial Army 1948). An Urban Unit or a Provincial Unit of the Territorial Army may be recruited from persons residing in or near such town or such rural areas as may be specified by the Central Government.
- (d) The nature and duration of training to be performed by enrolled persons are laid down in Part IV of the Territorial Army Rules 1948. The rates of pay and allowances admissible for periods of training are laid down in part V of the said rules (Rule 23) and Schedules III and IV thereof.
- (e) The administrative set up of each unit consists of a Commandant and instructional and clerical establishment whose duties are laid down in Chapters II and VII of the Regulations for the Territorial Army 1948. The Administrative Commandant of the Provincial and Urban Units is responsible for the maintenance of all accounts pertaining to such units.

**(ii) Accounts**

In addition to the maintenance of cash and stores accounts applicable to other Army units, the following records are also maintained:

- (a) Diary of Parade and Drills in the case of Urban Units: The basis for the drawal of training pay as laid down in paras 170 and 172 to 174 of the Regulations for the Territorial Army 1948 read with Schedule III of Rules made under the Territorial Army Act 1948.
- (b) Units Order Book: The Part II Orders form the basis for the drawal of training pay in respect of Provincial Units.
- (c) Leave Register for permanent staff (Rules 121 of Regulations for the Territorial Army 1948 refers).
- (d) Incidental charges grant account: The account is rendered to the Controller of Defence Accounts concerned for audit under para 227 of the Regulations for the Territorial Army 1948.
- (e) Extra Training Account
- (f) Rations return for periods during which the JCOs, WOs, ORs and NCs (E) are entitled to free rations under para 206 of Regulations for the Territorial Army 1948.
- (g) Individual Clothing and Equipment Inventories.

**Audit Procedure**

**779** (i) Audit should be conducted with reference to the general instructions contained in Chapter 28 of the Manual. In addition, the instructions for the audit of store accounts laid down in Chapter IX Section 8 of Army Local Audit Manual Part I

and the instructions for the inspection of cash accounts laid down in Chapter XVI, of Army Local Audit Manual Part II should be borne in mind.

- (ii) The following special checks should be applied :
  - (a) It should be verified that the articles of clothing (as per scale laid down in Appendix XVII of Regulations for Territorial Army 1948) are not issued free to JCOs, as these are to be provided out of their outfit allowance and subsequent replacements are also to be made on payment.
  - (b) It should be seen that on embodiment of a T A Unit for Military Service, the system of free issue of clothing is discontinued.

## **Section - 6**

### **National Cadet Corps**

**780.** (i) The National Cadet Corps (NCC) was established with the following aims:

- (a) Development of leadership, character, comradeship spirit of sportsmanship and the ideal of service.
- (b) To create a force of disciplined and trained manpower, which in a national emergency could be of assistance to the country.
- (c) To provide the training to students with a view to developing in them officer like qualities, thus also enabling them to obtain commissions in the Armed Forces.

(ii) The Directorate General NCC located at Delhi controls and oversees the activities of the NCC which functions through NCC Directorates organised on a regional basis comprising of one or more states. Each Directorate has a number of Group Headquarters under it. Camps are an integral part of NCC Training and are conducted to keep the cadet physically fit, mentally agile and to develop in them a spirit of team work.

(iii) National Cadet Corps Units impart military training to boys and girls in the Schools and Colleges. There are Senior and Junior Divisions. NCC Units are the organisations of State Governments as well as of the Union Government. Accordingly, the expenditure on NCC Units is partly borne by the State Government concerned and partly met out of the Defence Services Estimates.

(iv) The accounts are audited in accordance with the general rules and procedure prescribed for the audit of the corresponding accounts of the consuming units. The accounts of the Junior Division units are maintained by the respective Senior Division units.

(v) In the case of clothing and necessaries and FOL accounts, it should be seen that :

- (a) Clothing and necessaries have been issued according to the scale prescribed in the Appendices to Government of India, Ministry of Defence letter No.0065/59/NCC Navy (Q)/2318-US/D(GS-II)/59 dated 26.9.59 as amended from time to time.

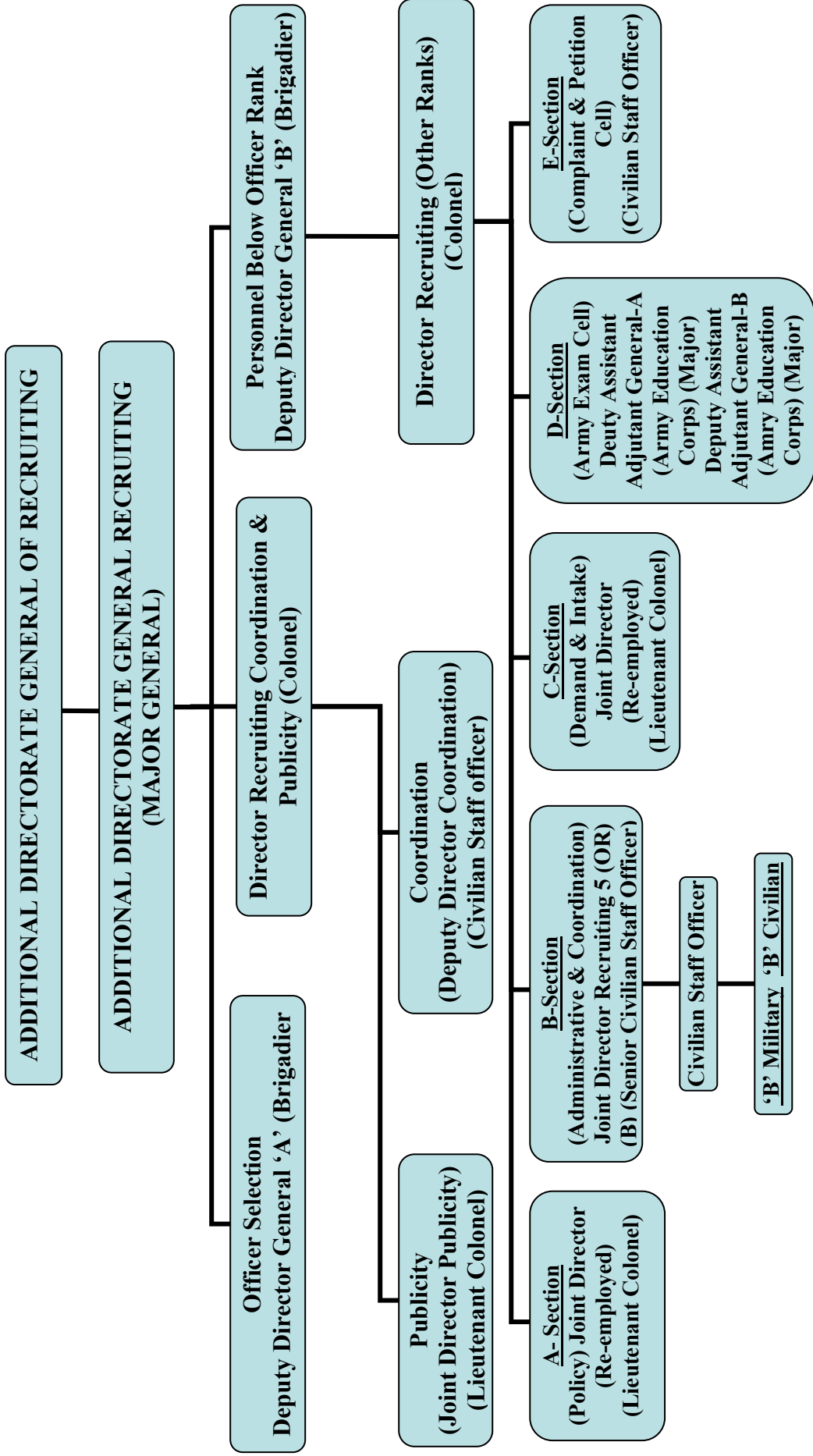
- (b) No free issue of clothing and necessaries has been made to the officers of the Senior Division units as they are to be provided out of their Clothing Allowance,
- (c) On the discharge of a Cadet from the corps all items of clothing and necessaries issued to him /her have been withdrawn and accounted for.
- (d) The reserve held by NCC Units does not exceed 20 % (50 % in the case of NCC units raised in Andaman and Nicobar) over and above the authorised scale of clothing and necessaries.
- (e) No FOL for vehicles held on the charge of NCC units has been drawn from ASC or from other units and formations as these vehicles are to be provided FOL from the civil sources.
- (f) Annual stock taking of clothing and necessaries F.O.L. are carried out and surplus and deficiencies noticed are noted for investigation and adjustment / regularisation.

### **Audit Procedure**

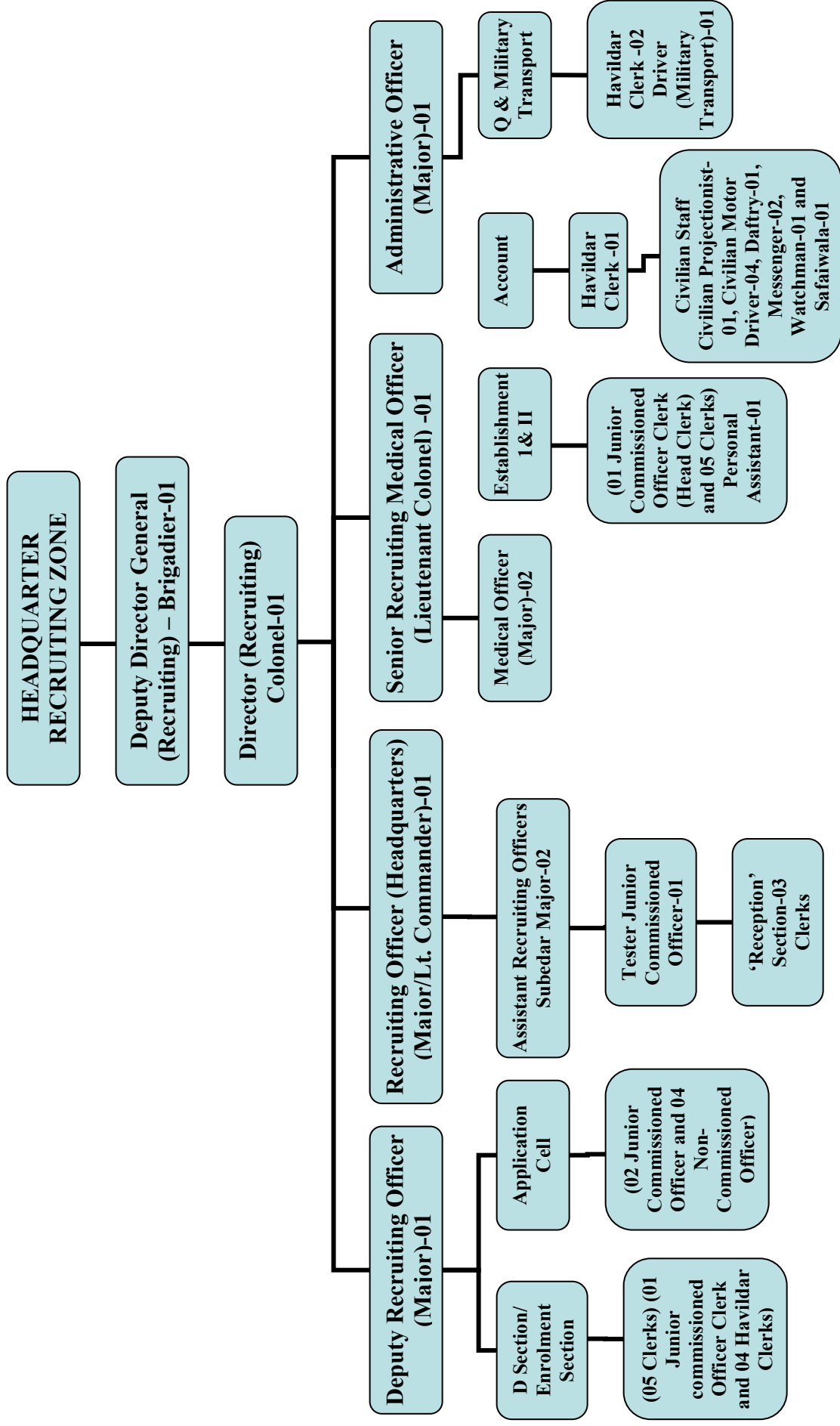
**781.** Instructions for the audit of the accounts are contained in Section 7 Chapter IX Army Local Audit Manual Part I.

**ANNEXURE-'A'**  
[Reference to in Para 771(f) (a)]

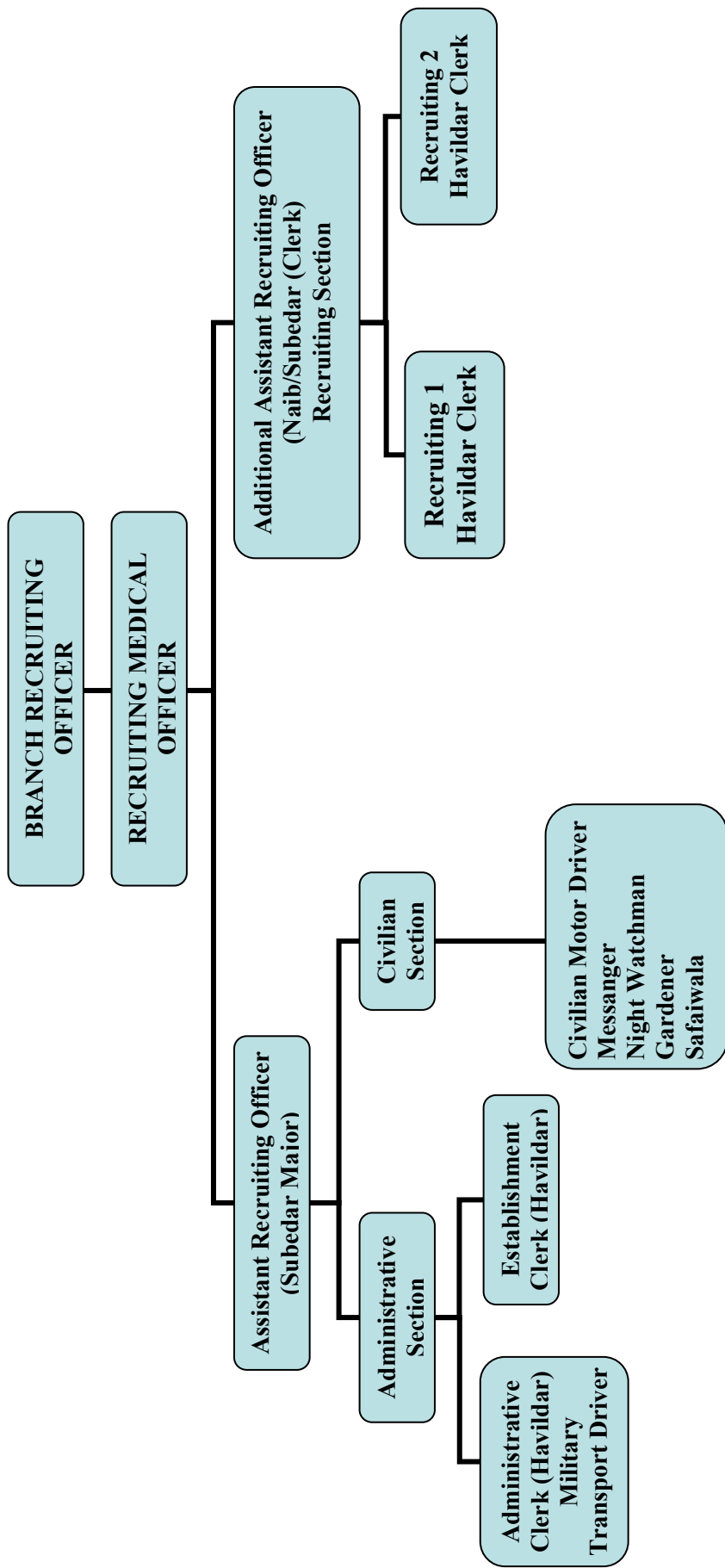
**RECRUITING ORGANISATION CHARTS**



**ANNEXURE-'B'**  
[Reference to in Para 771 (i) (a)]



**ANNEXURE-'C'**  
[Reference to Para 771 (i) (a)]



**ANNEXURE-‘D’**  
[Reference to in Para 771 (i) (a)]

**JURISDICTION OF ZONAL RECRUITING OFFICES/BRANCH  
RECRUITING OFFICES**

**ZONE STATE. UNION TERRITORY AND DISTRICTS**

| <b>ZONE</b>   | <b>STATE. UNION TERRITORY AND DISTRICTS</b>   |
|---|---|
| <b>AMBALA RECRUITING ZONE</b>                         | <b>HARYANA, HIMACHAL PRADESH AND CHANDIGARH</b>   |
| 1. Recruiting Office<br>Headquarters Ambala           | <b>Haryana (except Distts of Gurgaon and Faridabad)</b><br>Districts of Ambala, Karnal, Kurukshetra, Union Territory of Chandigarh, Yamunanagar and Panchkula.<br>Districts of Rohtak, Sonapat, Jhajjar and Panipat.<br>Districts of Hissar, Sirsa, Jind, Fatehabad and Kaithal.<br>Districts of Mohindergarh, Bhiwani and Rewari |
| 2. Branch Recruiting Office<br>Rohtak                 |   |
| 3. Branch Recruiting Office<br>Hissar                 |   |
| 4. Branch Recruiting Office<br>Charkhi Dadri          |   |
| <b>Himachal Pradesh</b>                               |   |
| 5. Branch Recruiting Office<br>Palampur               | Districts of Chamba and Kangra.   |
| 6. Branch Recruiting Office<br>Hamirpur               | Districts of Hamirpur, Una and Bilaspur.  |
| 7. Branch Recruiting Office<br>Shimla                 | Districts of Shimla, Solan, Sirmaour and Kinnaur.   |
| 8. Branch Recruiting Office<br>Mandi                  | Districts of Mandi, Kullu and Lahaul Spiti Sub Division.  |
| <b>BANGALORE RECRUITING ZONE</b>                      | <b>KARNA TAKA. KERALA, GOA AND UNION TERRITORY OF MAHE &amp; LAKSHADWEEP</b>  |
| 9. Branch Recruiting Office<br>Headquarters Bangalore | <b>Karnataka</b><br>Districts of Bangalore, Bangalore Rural, Kolar, Mandya, Mysore, Chamarajnaragar, Tumkur, Chitradurga, Bellary and Devengeres.   |
| 10. Branch Recruiting Office<br>Mangalore             | Districts of North and South Kanara, Chickmagalur, Udupi, Kodagu, Shimoga and Hasan.  |
| 11. Branch Recruiting Office<br>Belgaum               | Districts of Belguam, Bijapur, Dharwad, Gulbarga,<br><b>Goa</b><br>State of Goa   |
| 12. Branch Recruiting Office<br>Trivanduram           | <b>Kerala</b><br>Districts of Trivandrum, Alleppy, Ernakulam, Kollam, Kottayam, Iddukki and Pathanamthitta.   |
| 13. Branch Recruiting Office<br>Calicut               | Districts of Calicut, Cannanore, Palakkad, Malapuram, Trichur, Wayanad and Kasargod.<br><b>Union Territory of Lakshwadeep</b><br>District of Lakshwadeep<br><b>Union Territory of Pondicherry</b><br>District of Mahe   |

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| <b>CHENNAI RECRUITING ZONE</b>                 | <b>TAMIL NADU, ANDHRA PRADESH, UNION TERRITORY OF PONDICHERRY (EXCEPT DISTRICT OF MAHE AND ANDAMAN AND NICOBAR GROUP OF ISLANDS)</b>  |
|  | <b>Tamil Nadu</b>   |
| 14. Recruiting office<br>Headquarters Chennai  | Districts of Chennai, Tiruvallur, Kancheepuram, Vellore. Cuddalore, Viluppuram and Tiruvannamalai.<br><b>Union Territory of Pondicherry</b><br>District of Pondicherry.<br><b>Andaman and Nicobar Group of Islands</b><br>Districts of Andaman and Nicobar                            |
| 15. Branch Recruiting Office<br>Tiruchirapalli | <b>Tamil Nadu</b><br>Districts of Tiruchirapalli, Karur, Perambalur, Ariyalur, Thanjavur, Nagapattinam, Thiruvarur, Ramanathapuram. Tirunvelli, Pudukottai, Sivaganga, Virudhunagar, Thoothukkudi and Kanniyakumari.<br><b>Union Territory of Pondicherry:</b> Districts of Karaikal. |
| 16. Branch Recruiting Office<br>Coimbatore     | <b>Tamil Nadu</b><br>Districts of Coimbatore, Salem, Namakkal, The Nilgiris, Madurai. Theni, Dharamapuri, Erode and Dindigul  |
| 17. Branch Recruiting Office<br>Secunderabad . | <b>Andhra Pradesh</b><br>Districts of Adilabad, Hyderabad, Karimnagar, Mehbubnagar, Medak, Nalgonda, Nizamabad, Warangal, Kuroool, Ranga Reddy and Khammam.   |
| 18. Branch Recruiting Office<br>Guntur         | Districts of Guntur, Cuddapah, Krishna, Nellore, Prakasham, Anantapur and Chittoor.   |
| 19. Branch Recruiting Office<br>Vishakapatnam  | Districts of Vishakapatnam, Srikakulam, East and West Godawari, Vizainagaram.<br><b>Union Territory of Pondicherry:</b><br>Districts of Yanam.  |
| <b>DANAPUR RECRUITING ZONE</b>                 | <b>BIHAR AND JHARKHAND</b>  |
|  | <b>Bihar</b>  |
| 20. Recruiting Office<br>Headquarters Danapur  | Districts of Patna, Bhojpur, Vaishali, Saran (Chappra), Buxer, Siwan, Gopalganj, Sekhpura and Lakhisarai.   |
| 21. Branch Recruiting Office<br>Muzaffarpur    | Districts of Muzaffarpur, Dharbhanga, Madhubani, East and West Champaran, Sitamarhi, Samastipur, Sheohar, Begusarai and Khagaria.   |
| 22. Branch Recruiting Office Gaya              | Districts of Gaya, Aurangabad, Nawada, Nalanda, Rohtas, Kaimur (Bhabua), Jahanabad and Jumai.<br><b>Jharkhand</b><br>Palamu, Garwah and Latehar.  |
| 23. Branch Recruiting Office<br>Katihar        | Districts of Katihar, Saharsha, Bhagalpur, Munger, Madhepura, Purnia, Banka, Araria, Kishanganj and Supaul.<br><b>Jharkhand</b><br>Godda, Sahebganj and Pakur   |



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| 24. Branch Recruiting Office<br>Ranchi          | Districts of Ranchi, East and West Singhbhum, Dhanbad, Hazaribagh, Giridih, Gumla, Lohardaga, Chatra, Bokaro, Koderma, Deoghar, Dumka, Jamtada, Saraikela and Simdega.                       |
| <b>JABALPUR RECRUITING OFFICE</b>               | <b>MADHYA PRADESH AND CHATTISGARH</b>  |
| 25. Recruiting Office<br>Headquarters Jabalpur  | <b>Madhya Pradesh</b><br>Districts of Jabarpur, Shahdol, Mandla, Balaghat, Rewa, Satna, Narsinghpur, Seoni, Damoh, Sidhi, Panna, Katni, Dindori and Umaria.                                  |
| 26. Branch Recruiting Office<br>Gwalior         | Districts of Gwalior, Bhind, Morena, Datia, Shivpuri, Sheopur, Guna, Tikamgarh and Chhatarpur.   |
| 27. Branch Recruiting Office<br>Mhow            | Districts of Indore, Dewas, Jhabua, Mandsaur, Ratlam, Dhar, Ujjain, Khandwa (East Nimar), Khargaon, Neemuch, Shajapur and Badwani.   |
| 28. Branch Recruiting Office<br>Bhopal          | Districts of Bhopal, Sehore, Raisen, Saugor, Harda, Chhindwara, Betul, Hoshangabad, Vidisha and Rajgarh.   |
| 29. Branch Recruiting Office<br>Raipur          | <b>Chhattisgarh</b><br>Districts of Raipur, Raigarh, Sarguja, Rajnandgaon, Korba, Dhamtari, Durg, Bilaspur, Baster, Mahasumand, Janjgir, Jaspurnagar, Dantewada, Kanker, Kawardha and Korea. |
| <b>JAIPUR RECRUITING ZONE</b>                   | <b>RAJASTHAN</b>   |
| 30. Recruiting Office<br>Headquarters Jaipur    | <b>Rajasthan</b><br>Districts of Jaipur, Ajmer, Nagaur and Bhilwara.   |
| 31. Branch Recruiting Office<br>Alwar           | Districts of Alwar, Bharatpur, Dausa, Dholpur, Karauli, Tonk and Sawaimadhopur.  |
| 32. Branch Recruiting Office<br>Jhunjhunu       | Districts of Jhunjhunu, Sikar, Churu, Hanumangarh, Bikaner and Sriganganagar.  |
| 33. Branch Recruiting Office<br>Jodhpur         | Districts of Jodhpur, Pali, Sirohi, Jalaur, Barmer, Jaisalmer and Udaipur.   |
| 34. Branch Recruiting Office<br>Kota            | Districts of Kota, Bundi, Banswara, Dungerpur, Chittorgarh, Baren, Rajsamand and Jhalwar.  |
| <b>JALANDHAR RECRUITING ZONE</b>                | <b>PUNJAB, JAMMU AND KASHMIR</b>   |
| 35. Recruiting Office<br>Headquarters Jalandhar | <b>Punjab</b><br>Districts of Jalandhar, Hoshiarpur, Kapurthala and Nawanshahar.   |
| 36. Branch Recruiting Office<br>Amritsar        | Districts of Amritsar and Gurdaspur.   |
| 37. Branch Recruiting Office<br>Ferozpur        | Districts of Ferozpur, Faridkot, Bhatinda, Moga, Mansa and Muktsar.  |
| 38. Branch Recruiting Office<br>Patiala         | Districts of Patiala, Sangrur and Fatehgarh Sahib.   |
| 39. Branch Recruiting Office<br>Ludhiana        | Districts of Ludhiana and Rupnagar.  |

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| 40. Branch Recruiting Office<br>Jammu               | Districts of Jammu, Kathua, Poonch, Udhampur, Doda and Rajouri.   |
| 41. Branch Recruiting Office<br>Srinagar            | Districts of Sri nagar, Anantnag, Baramula, Pulwama, Badgam, Kupwara, Kargil and Leh.   |
| <b>KOLKATA RECRUITING ZONE</b>                      | <b>WESTBENGAL. SIKKIM AND ORISSA</b>  |
|   | <b>West Bengal</b>  |
| 42. Recruiting Office<br>Headquarters Kolkata       | Districts of Kolkata, Howrah, Bankura, 24 Parganas (South), Hooghly, Midnapore and Purulia.   |
| 43. Branch Recruiting Office<br>Siliguri            | Districts of Cooch Bihar, Kalimpong Sub Div of Darjeeling, Jalpaiguri, North Dinajpur, South Dinajpur and Malda.  |
|   | <b>Sikkim</b><br>State of Sikkim  |
|   | <b>West Bengal</b>  |
| 44. Branch Recruiting Office<br>Kanchrapara         | Districts of Murshidabad, Birbhum, 24 Parganas (North), Burdwan and Nadia.  |
|   | <b>Orissa</b>   |
| 45. Branch Recruiting Office<br>Cuttack             | Districts of Cuttack, Puri, Balasore, Mayurbhanj, Bhadrak, Jagatsinghpur, Jajpur, Kendrapara, Khurda and Nayagarh.  |
| 46. Branch Recruiting Office<br>Sambalpur           | Districts of Sambalpur, Keonjhar, Sundergarh, Bargarh, Angul, Deogarh, Jharsugura, Sonapur, Bolangir and Dhenkanal.   |
| 47. Branch Recruiting Office<br>Gopalpur Cantonment | Districts of Kalahandi, Koraput, Boudh, Gajapati, Malkangiri, Nowapada, Nowrangpur, Kandhamal, Rayagada and Ganjam.   |
| <b>LUCKNOW RECRUITING ZONE</b>                      | <b>UTTAR PRADESH AND UTTRANCHAL</b>   |
|   | <b>Uttar Pradesh</b>  |
| 48. Recruiting Office<br>Headquarters Lucknow       | Districts of Lucknow, Gonda, Unnao, Bahraich, Kanpur Dehat, Barabanki, Kanpur Nagar, Fatehpur, Hamirpur, Basti, Mahoba, Banda, Chitrakoot, Shravasti, Balrampur and Sant Kabir Nagar. |
| 49. Branch Recruiting Office<br>Meerut              | Districts of Meerut, Saharanpur, Bijnor, Muzaffarnagar, Ghaziabad, Bulandshhar, Bagpat, Gautam Buddha Nagar, Jyotiba Phule Nagar and Moradabad.                                       |
| 50. Branch Recruiting Office<br>Bareilly            | Districts of Bareilly, Badaun, Rampur, Pilibhit, Shahjahanpur, Hardoi, Sitapur and Lakhimpur, Kheri.  |
| 51. Branch Recruiting Office<br>Agra                | Districts of Agra, Mathura, Etawah, Jhansi, Jalaun, Auriya, Kannauj, Firozabad, Lalitpur, Mainpuri, Maha Maya Nagar, Farukhabad, Etah and Aligarh                                     |
| 52. Branch Recruiting Office<br>Varanasi            | Districts of Mirzapur, Varanasi, Jaunpur, Ghazipur, Sant Ravi Das Nagar, Azamgarh, Balia, Gorakhpur, Maharajganj, Mau, Kushi Nagar, Siddharth Nagar, Sonbhadra, Chandauli and Deoria. |
| 53. Branch Recruiting Office<br>Amethi              | Districts of Raebareli, Allahabad, Pratapgarh, Koshambi, Ambedkar Nagar, Faizabad and Sultanpur.  |

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|   | <b>Uttanchal</b>  |
| 54. Branch Recruiting Office Lansdowne      | Districts of Tehri Garhwal, Uttarkashi, Rudra Prayag, Chamoli. Dehradun, Pauri Garhwal and Haridwar.  |
| 55. Branch Recruiting Office Almora         | Districts of Almora, Bageshwar, Udham Singh Nagar and Nainital.   |
| 56. Branch Recruiting Office Pithoragarh    | Districts of Pithoragarh and Chambhawat.  |
| <b>PUNE RECRUITING ZONE</b>                 | <b>MAHARASHTRA, GUJARAT AND UNION TERRITORIES OF DAMAN, DIU AND DADAR AND NAGAR HAVELI</b>  |
|   | <b>Maharashtra</b>  |
| 57. Recruiting Office Headquarters Pune     | Districts of Pune, Ahmednagar, Solapur and Osmanabad.   |
| 58. Branch Recruiting Office Mumbai         | Districts of Mumbai, Thane, Nasik, Dhule, New Mumbai, Jalgaon, Raigad and Nandurbar.  |
| 59. Branch Recruiting Office Nagpur         | Districts of Nagpur, Wardha, Bhandara, Yavatmal, Akola, Amravati, Chandrapur, Gadchiroli, Gondia and Washim,  |
| 60. Branch Recruiting Office Kolhapur       | Districts of Satara, Kolhapur, Sangli, Ratnagiri and Sindhudurg.  |
| 61. Branch Recruiting Office Aurangabad     | Districts of Aurangabad, Parbhani, Nanded, Beed, Jalna, Buldana, Hingoli and Latur.   |
| 62. Branch Recruiting Office Ahmedabad      | <b>Gujarat</b><br>Districts of Baroda, Ahmedabad, Kheda, Surat, Valsad, Bharuch, Mahsana, Sabarkantha, Anand. Dahod, Narmada, Navsari, Patan, Panchmahals, Dangs, Banaskanatha, Gandhinagar and Godhara<br><b>Daman (Union Territory)</b><br>Daman (Union Territory)<br><b>Dadra and Nagar Haveli (Union Territory)</b><br>Dadra and Nagar Haveli (Union Territory) |
| 63. Branch Recruiting Office Jamnagar       | <b>Gujarat</b><br>Districts of Rajkot, Jamnagar, Amreli, Bhavnagar, Junagarh, Kutch, Surendranagar and Porbandar.<br><b>Diu (Union Territory)</b><br>Diu (Union Territory)  |
| <b>SHILLONG RECRUITING ZONE</b>             | <b>ASSAM, MEGHALAYA, ARUNACHAL PRADESH, NAGALAND, MANIPUR AND TRIPURA</b>   |
|   | <b>Meghalaya</b>  |
| 64. Recruiting Office Headquarters Shillong | Districts of East Khasi Hills, West Khasi Hills. Jaintia Hills, Ri Bhoi, East Garo Hills, South Garo Hills and West Garo Hills  |

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|  | <p><b>Assam</b><br/>Morigaon, Nagaon and Sonitpur.</p>  |
| 65. Branch Recruiting Office<br>Jorhat                 | <p><b>Arunachal Pradesh</b><br/>Districts of West and East Siang, Dibang Valley, Lohit, Tirap, Changland, lower Subansiri, Upper Subansiri, Tawang, East Kameng, West Kameng, Upper Siang, Kurung Kamang and Papumpare</p> <p><b>Assam</b><br/>Jorhat, Tinsukia, Sibsagar, Dhemaji, North Lakhimpur, Dibrugarh, Golaghat and Karbi Anglong.</p> |
| 66. Branch Recruiting Office<br>Narangi                | <p><b>Assam</b><br/>Districts of Barpeta, Goalpara, Darrang, Kamrup, Nalbari, Kokrajhar, Dhubri and Bongaigaon.</p>   |
| 67. Branch Recruiting Office<br>Rangapahar             | <p><b>Nagaland</b><br/>Districts of Kohima, Phek, Mon, Zunheboto, Wokha, Mokouchung, Tuensang and Dimapur</p> <p><b>Manipur</b><br/>Ukhrul, Bishnupur, Thoubal, Churachandpur, Tamenglong, Senapati, Chandel, Imphal East and Imphal West</p>   |
| 68. Branch Recruiting Office<br>Silchar                | <p><b>Assam</b><br/>Districts of Cachar, North Cachar Hills, Karimganj, and Hailakandi</p> <p><b>Tripura</b><br/>West Tripura, North Tripura, and South Tripura and Dhalai.</p> <p><b>Mizoram</b><br/>Aizawl, Lunglei, Mamit, Chhimtuipui, Saiha, Lawngtalai. Champai, Serchhip and Kolasib</p>   |
| <b>GORKHA RECRUITING DEPOT</b>                         | <b>NEPAL AND BHUTAN</b>   |
| 69. Recruiting Office<br>Headquarters Kunraghat        | Anchals of Mahakali, Seti, Bheri, Rapti, Karnali, Dhaulagiri, Lumbini, Gandaki, Narayani and Bagmati of Nepal.  |
| 70. Branch Recruiting Office<br>Ghoom                  | Anchals of Janakpur, Sagarmatha, Koshi and Mechi of Nepal and District of Darjeeling except Kalimpong Sub Division of West Bengal. .  |
| <b>INDEPENDENT RECRUITING OFFICE</b>                   | <b>DELHI AND DISTRICTS OF GURGAON AND FARIDABAD OF HARYANA STATE</b>  |
| 71. Independent Recruiting Office,<br>Delhi Cantonment | <p><b>Delhi</b><br/>State of Delhi</p> <p><b>Haryana</b><br/>Districts of Gurgaon and Faridabad</p>   |

## CHAPTER 38

### TRAINING INSTITUTIONS

#### **Introductory**

**782.** The Training Institutions comprise of Institutions like (i) National Defence College and School of Foreign Languages and College of Defence Management Secunderabad which function as Inter Services Organisation functioning directly under the Ministry, (ii) Defence Service Staff College, National Defence Academy etc which are Joint Service Establishment and which function in accordance with the directions of Chief of Staff Committee and (iii) other authorised Training and Educational Establishments functioning as Training Centres / Schools for the various Arms of Army viz. Armoured Corps, Artillery, Infantry, Engineers, Signals, EME, ASC etc. Training Institutions referred to at (ii) and (iii) above are divided into Category 'A' and Category 'B' establishments. Category 'A' establishments are those which are under the Command of the GOC-in-C Commands for discipline and local administration only and for all other purposes they function under the control of Army HQrs. Category 'B' establishments are under GOC-in-C Commands for supervision of all training in addition to discipline and administration. Details of such establishments are indicated in para 258 of Defence Services Regulations - Regulations for the Army Volume I.

**783.** The overall responsibilities for the Army's Training vests in the Director General, Military training at Army HQrs. The responsibility of production of charter, training syllabus and course contents, their lengths, dates etc. and related matters in respect of training establishment vests with Army HQrs. based on the General Training Directive of the Chief of the Army Staff and Advice received from Directorates of Corps on matters pertaining to the various Corps. In the case of Joint Service Establishment the Director General, Military Training is responsible to the Chiefs' of Staff Committee through the Joint Training Committee for all matters of command, general administration and Joint Service Training. In respect of professional training of officers of the AMC, ADC & MNS the DGAFMS is responsible, while in respect of training of all other ranks of the above services the DG MS (Army) is responsible.

#### **Section - 1**

#### **Training Centres / Category 'B' Establishment**

**784.** (i) No. of recruits / soldiers trainees and students for which the concerned training establishments are designed is available in the respective Peace Establishments of the training centre/school concerned. The Peace Establishment also contains details of staff and officers authorised for the establishment to provide separately for administrative command staff and instructional staff apart from extra regimental staff and transport requirements. The peace establishment, provide for the norms for regulating the strength of instructional staff, drivers and clerical establishment.

(ii) When recruits report to centres, they have to be kitted, documentation completed and formed into regular platoons. Training pattern normally provides for

initial language orientation course, followed by basic training before despatch for technical training. Periods of basic training vary depending on training for regular recruits, boy entry recruits or non-combatants enrolled (NCsE). After basic training, the trainees are sent for basic leave on return from which they wait in the centre, awaiting despatch for technical training in specific trades. Recruits who are unable to pass the recruits test within the specified training period but are fit in all other respects for retention in the Army are relegated at the discretion of the Commandant subject to maximum periods, as under:

- (a) for a maximum period of six weeks during basic military training
- (b) for a maximum period of three months during technical/advanced training.

(iii) A recruit who has been absent without leave for a period of 30 consecutive days during basic Military Training will not be allowed to rejoin his training again and will be discharged after disciplinary action. The absentees for less than 30 consecutive days may be considered for relegation. The maximum period for which a recruit can be relegated on medical grounds will be six months.

(AHQ letter No.AI20314/MT 3 dated 28.2.85)

(iv) For purpose of training, grants are allotted by DG MT to training establishments as indicated below:

**(a) Annual Training Grant**

It is a grant made to the Deputy Chief of the Army Staff Branch in Army HQrs. to exercise administrative control over training and its expenditure. DG MT on behalf of DCOAS makes allotment from this sum to lower formations including Category 'A' establishments retaining such reserves as deemed necessary based on instructions of DC OAS issued from time to time as to the methods of making allotments and retaining reserves. In accordance with yardsticks laid down by Army HQrs. vide their letter No.90843/GS/MT-1 dated 19.2.87 the authorisation of Annual Training Grant to a Regimental Training Centre (category 'B') is Rs.30/- per year per recruit and Rs.10/- per year for each permanent staff held in the centre. Metals collected by formations / establishments from field firing ranges are required to be returned to ordnance and claims for this purpose are to be preferred to CDA. The amount so obtained by way of refund from sale of lead and empty cases is to be credited to Annual Training Grant. Detailed Instruction relating to the Grant are contained in Appendix 1 FR Part II and AI 26 of 1979.

(b) Educational Training Grant to be claimed by formations quarterly at rates specified from time to time and by AHQ half yearly for meeting expenditure on purposes stipulated as brought out in Appendix 6 to FR Part II. and A.I. 72 of 1966 as amended vide A1/24/91 and corrigendum No.2/2000. ATG scales are worked out based on various parameters. The scales are worked out by CDM study team and indices have been developed. Depending upon the ATG received, the scale of allotment will change as per the index. Addl ATG is also allotted to Cat 'B' Training Estimate based on the increase in strength of recruits. The basic scale is Rs. 150 /- per recruit. However any amt of ATG can be allotted to an estimate at the discretion of the DCOAS(T&C).

(c) Library Grant at Rs.1500/- p.a. to Regimental Centre as specified in Ministry of Defence letter No.AI850221GS/MT 15 (b)/1930-C/D(GS II)

dt. 22.9.83.

- (d) In addition certain Training Grants are made available to specified Corps as indicated below for incurring expenditure on object relating to training as detailed in the relevant Appendices to FR Part II.
1. Field Practice and Training Grant to E-in-C to exercise administrative control over training of Corps of Engineers and over its expenditure (Appendix 2 FR Part II refers).
  2. Technical Training and Instructional Equipment Grant made available to Signal Officer -in-Charge to enable him to exercise administrative control over training of corps of signals and its expenditure as detailed in Appendix 3 to FR Pt. II.
  3. Technical Training Grant made available to Master General of Ordnance to enable him to exercise administrative control over training of the corps of EME and over its expenditure as brought out in Appendix 4 to FR Part II.
  4. Technical Training and Instructional Equipment Grant made available to Director Armoured Corps to enable him to exercise administrative control over training of Mechanised Infantry Regiment and its expenditure as detailed in Appendix 29 to FR Part II.
- (e) 1. Incidental and Miscellaneous Grant to meet expenditure on items as indicated in AHQ letter No.89094/GS/MT 1 (b) dt. 4.3.75
2. The training centres/schools maintain accounting documents relating to cash, stores, MT, small arms and ammunition etc. as well as Railway Warrants and Credit Notes, service documents apart from accounts relating to various grants referred to above as indicated in Annexure.

**(v) Audit Procedure**

- (a) Audit of category 'B' centres in the audit area of a CO, should be planned in such a way that all of them are audited in the same year so as to facilitate comparison of data. in respect of identical centres. Disparity in staff and infrastructure in identical centres should be commented upon. Non-adherence to peace establishments, if noticed, in audit, should also be pointed out to the Record Offices who are responsible to ensure adherence to PEs.
- (b) Apart from the audit checks that are exercised in any Army unit in respect of cash, store, MT accounts and Railway Warrants & Credit Notes, the points to be specially looked into are :
1. Land holding should be looked into to ascertain the extent of utilisation with reference to norms prescribed in Government of India, Ministry of Defence letter No.12026/41/84/D (Lands) dated 19.2.91. As per Ministry of Defence letter No.110261 1/75/D(lands) dated 10.5.76 Regimental Centres utilising lands for cultivation in excess of 4 acres per 1000 troops are required to pay *1/4th* of the net profit as per audited figure of Regimental funds to Government. This aspect should be verified.
  2. Under utilisation, if any, of designated capacity of training establishments should be looked into.

3. It should be verified whether Instructional staff etc. have been regulated with reference to the number of trainees as per norms indicated in the P.E.
4. Comparisons of cost of training per recruit with reference to previous years for analysing substantial variations.
5. Manpower deployed for training per recruit should be compared with previous year with a view to highlighting major variations.
6. Consumption of FOL and electricity per recruit should be compared with previous years for analysis of variations. Vehicle holdings should be examined to find out whether any surplus are held.
7. Time taken for preparation of recruits should be looked into to find out whether excess time had been taken.
8. Adherence to schedule of training prescribed for different periods should be scrutinised to find out whether non-adherence to schedules had resulted in financial implications. It should also be seen whether this had resulted in delay in despatch for technical training. Delay in despatch for technical training should be quantified in terms of cost.
9. Incidences of relegation / discharge of recruits should be examined to find out (A) reasons for relegation and how such relegations affect the training intended to be provided (B) whether high incidence of discharge was on account of recruitment of over qualified candidates (C) whether discharge on medical grounds during early years of service could not have been noticed at the time of recruitment. Cases of discharge on account of verification of character and antecedents noticed should be commented upon with financial effect and similarly, (D) discharge due to failure to qualify in the lowest class noticed should also be commented upon with financial effect.
10. Entitlement to various grants utilised should be examined with reference to prescribed yardsticks with a view to finding out whether there had been any excess utilisation. Expenditure against grant should be scrutinised to ascertain whether they conform to the objects specified. It should be verified whether unutilised grants at the close of the financial year had been credited to Govt. account.
11. Whether cost of training of para military forces afforded had been recovered from the authorities concerned and cost of training of student trainees in respect of foreign countries are recovered as per orders issued on the subject. It should be verified whether rates of recovery had periodically been revised. If not such cases should be brought to notice of HQrs. Office for examination at Service HOrs.
12. Whether accommodation, if any, sanctioned based on anticipated increase in intake and facilities created as a result had been utilised for intended purpose.
13. Whether training aids acquired had been effectively used for the purpose.
14. Whether land rent in respect of cinema halls constructed out of regimental funds had been credited and in cases where projectors issued for training are utilised for screening entertainment films,



whether the requisite documents are maintained and whether amounts due for credit to Government on account of consumption of electricity had been credited to Government account.

## Section - 2

### Colleges/Schools (Category 'A' Establishment)

**785** (i) Details of a few important Training Establishments and their role / functions are indicated separately below:

The accounts that are generally maintained in these training establishments (viz. cash accounts, clothing and store accounts, ration accounts, MT accounts etc.) are similar to those of any consuming units / administrative formation. The colleges / schools of instruction maintain the following additional accounts :

- (a) Sports
- (b) Library and Books
- (c) Reconnaissance and Map Reading
- (d) Anti Gas Wing Grant

#### (ii) **Audit Procedure**

Besides the general audit checks enumerated in Chapter 28 the audit checks exercised in the various training establishments normally cover the following aspects to see that:

- (a) Whether the amounts expended from the allotments, if any sanctioned, are in pursuance of the object for which they were granted and that there is no unauthorised diversion of funds.
- (b) The expenditure incurred was really necessary.
- (c) There is no tendency towards extravagance, and that utmost economy consistent with efficiency has been enforced in expenditure.
- (d) The stores required have been purchased at competitive rates.
- (e) The total expenditure does not exceed the amount of grant.
- (f) The stores purchased out of grant have been correctly accounted for in the prescribed stores ledgers.
- (g) The money is not drawn for disbursement in a subsequent year to avoid lapse of funds and that where funds lapse, no liability is left over for being met from subsequent year.
- (h) Land holdings are justifiable generally with reference to norms and that  $\frac{1}{4}$ th of net profit as per audited figures of regimental funds are credited to Government account in cases of utilisation of land for cultivation in excess of 4 acre per 1000 troops.
- (i) Cost of training fees per trainee is compared with reference to previous years and substantial variations are analysed. .
- (j) Cost of training and other charges in respect of students from foreign countries is recovered as per Govt. instructions on the subject.

(Govt. of India, Ministry of Def. OM No. 21(1)/871D(GS.II) dated 17.11.88 as amended)

- (k) In institutions where employment of instructional and other staff is related

to number of trainee students, action had been taken to regulate the staff employed for instructional purposes as per norms indicated in the relevant Peace Estt.

- (l) under utilisation if any, of designated capacity should be looked into.
- (m) utilisation of civil works sanctioned and created should be looked into with particular emphasis on delay in making available facilities sanctioned with resultant effect on training afforded and alternate measures adopted involving extra expenditure.

**786.** Besides the above, certain other audit checks that are specifically exercised in some of the Training Establishments viz. National Defence Academy, Indian Military Academy etc. are as indicated below against the institutions.

**(i) National Defence Academy, Khadakwasla.**

**(a) Organisation**

The National Defence Academy, previously located at Dehradun was transferred to Khadakwasla and started functioning there in January 1955. The Academy imparts academic training upto degree level along with basic training to the cadets of three Services of India's Armed Forces. It is administered by a Commandant, assisted by staff officers, an Adjutant, a Quartermaster and other supporting staff. On completion of the 3 years training at the NDA the cadets are awarded B.A./ B.Sc., degree by Jawaharlal Nehru University to which it is affiliated. On passing out from the NDA, Army cadets go to Indian Military Academy, Dehradun and cadets of Navy and Air Force to their respective Service Academies. A number of cadets from friendly countries undergo training at NDA.

**(b) Cash Accounts**

1. The cash accounts are maintained by the Pay Accounts Officer who is also responsible for disbursement of pay to civilians, service personnel, cadets etc.
2. The pay accounts of service personnel are maintained on IRLAs by the Accounts Officer concerned i.e. by the CDA(Officers), PAO (ORs), Central Pay Officer, Indian Navy and Central Accounts Office, IAF as the case may be. The pay and allowances of civilians are drawn through bills from the PCDA, SC. Funds pertaining to grants and allotments are claimed from the PCDA SC on contingent bills.
3. In addition to the accounts of public funds maintained as in other Army Units, the accounts relating to the following public funds are also maintained in the Academy as per instructions relating to cash account.
  - A. School grants, Library, Laboratory, Academic and Workshop allotments.
  - B. **Band Allowances:-** A fixed allowance as prescribed is drawn in arrears.
  - C. **Lines Contingent Allowance:-** A monetary allowance at the rate prescribed in Rule 582 of Pay and Allowances Regulations Volume II is drawn for each horse and mule monthly in arrears.
  - D. **Washing Allowance (Cadets):-** An allowance as prescribed per cadet p.m. and at half rate per cadet p.m. during breaks in lieu of

washerman on the actual strength of cadets is drawn monthly in arrears by the Commandant to meet the expenditure on washing the clothes of the cadets.

Govt. of India, Min. of Def. No.58508/GS.MT-6(A)/406B/D/GS II dated 22.3.75 as amended.

E. Monetary grants in respect of cadets as prescribed in Appendix 5 A of FR Part II.

F. **Ration allowance (Cadets):** The allowance is claimed at the rate prescribed in Army Instructions issued from time to time in respect of Cadets proceeding on temporary duty outside the Academy, casualties being notified in Part II Orders (Cadets) by the Adjutant. The amount is credited to the personal account of the Cadets concerned.

G. **Hair cutting and hair cleaning allowance for cadets as prescribed for cadets:-** An allowance at rates prescribed per cadet per month is granted and drawn monthly by the Commandant to meet the expenditure on hair cutting and hair cleaning which is paid to each Cadet.

(Govt. of India, Min of Def. letter No.92117/GS/MT 6(a) 2120-US-D/GS.II dated 26.9.78 as amended from time to time)

#### (c) **Store Accounts**

1. The store accounts pertaining to ASC and Ordnance stores are maintained by the Quarter-master as in other units.
2. The cadets mess is run under the supervision of the Catering Officer who also maintains certain store ledgers, such as Mess Maintenance Store Ledger, Mess Linen Ledger, Mess Crockery and Cutlery Ledger etc.

#### (d) **Audit Procedure**

The instructions laid down in Chapter 28 of this part of the Manual should be observed generally. The following points should be specially seen:

1. the contracts for messing, washing etc. are in accordance with the rules and the interests of the State are properly safeguarded;
2. the budgetary allotment and grants made for particular purpose are utilised for the specific purpose for which they are made and in the case at public funds, the unexpended balance is refunded to Government in the event of its not being devoted to the object for which granted;
3. in the case of training grant, the statement of expenditure supported by expense vouchers is sent quarterly to the Pr. Controller of Defence Accounts, Southern Command, for audit and adjustment of the grant in advance;
4. all articles purchased in connection with training are taken charge in relevant ledgers;
5. all sanctions accorded by the Commandant and expenditure incurred by him are in accordance with the financial powers vested in or delegated to him; and

6. all bills in respect of public funds are forwarded to the Principle Controller of Defence Accounts, Southern Command, for pre-audit and payment and advances are not made by the PAO on these accounts.

**(ii) Indian Military Academy, Dehradun**

The Indian Military Academy (IMA) was established in 1932. The aim of the IMA is to train Gentlemen Cadets (GCs) for commission into the Army. It also has a wing for training service cadets selected for commission in the Army.

The various modes of entry into IMA are:-

- (a) on graduation from NDA
- (b) on graduation from Army Cadet College which is a wing of the IMA itself
- (c) Direct entry graduate cadets through UPSC & SSB.
- (d) Technical graduates
- (e) University entry scheme for engineering college students in Final/Pre-Final year of studies.

It also imparts training to Gentlemen Cadets from friendly countries. The present strength of IMA is 1607 Gentlemen Cadets. The 109<sup>th</sup> Regular and 92<sup>nd</sup> Technical Graduates Course have commenced from December 8/2001

**(a) Pay Accounts**

1. A. The pay accounts of officers, JCOs and ORs of the Army are maintained on IRLA by CDA (O) and PAO (ORs). Pay and allowances of civilian establishments are drawn through pay bills from CDA. Service Cadets, receive pay and allowances of their substantive / war substantive rank (AI 142/60).
- B. Various grants as prescribed under Government orders are placed at the disposal of Commandant for meeting expenditure on purposes indicated. Similarly Gentlemen cadets are entitled to outfit allowances, financial assistance during training, advance of pay on grant of regular commission, ration money etc. as per orders issued by Government from time to time.
2. In connection with audit of entitlements of cadets to such allowances and payment the following points are to be specifically seen:
  - A. From the Government outfit allowance the expenditure is incurred on the basis of scale of clothing and necessaries published by Administrative Branch, articles to be supplied together with their prices are as per this list. Balance of amount left at the conclusion of the training is given to Gentlemen cadets.
  - B. Amount of Outfit Allowance due to Gentlemen cadets who are withdrawn is sent to CDA and Clothing deposited with Quartermaster.
  - C. In the case of cadets who have resigned, the full amount of outfit allowance is returned to CDA
  - D. Advance of Outfit Allowance paid to ACC cadets is adjusted against Government Outfit Allowances.

- E. Before the advances of pay is disbursed to the Gentlemen cadet PAO is to ensure that all the Government dues are paid by the Gentlemen Cadets before the cheque is given to him.
- F. The undisbursed amount out of anticipated grant / advance drawn from the PCDA Central Command for payment of ad-hoc outfit grant / advance of pay to cadets, is refunded to the PCDA CC by the P AO as soon as Part II Orders notifying the grant of commission to the Gentlemen Cadets concerned are published.

(Authority: Accounts Directive 1972 IMA Dehradun)

**(b) Cash Accounts**

Cash accounts are maintained by the imprest holder of the Academy who is responsible for all disbursements therefrom. The imprest is obtained and accounted for in accordance with the prescribed rules. The expenditure against annual allotment e.g. education, library, laboratory equipment etc. is watched through a register kept for the purpose.

**(c) Store Accounts**

1. **Provisions:-** Gentlemen Cadets are entitled to free messing. The rations are drawn from the ASC as per scales laid down in the "Scales of Rations and Supplies issued by the ASC" (latest edition). The Cadets messes are run under the supervision of the Catering Officer, who also maintains certain store ledgers such as Mess Maintenance Store etc. Armed Forces personnel on the staff of the Academy entitled to free rations, draw rations in kind at scales applicable to their' service or ration allowance in lieu, whichever is convenient.
2. **Forage:-** Forage is drawn in kind and is accounted for in the forage returns.
3. **Fuel and light, petrol, oil, lubricants and other ASC Stores:-** The stores are obtained from the local Supply Depot, and accounted for in the relevant accounts /documents. In the case of stores, the value of which are chargeable to fixed grants, the cost of the stores are paid into the treasury and treasury receipts sent to the Controller of Defence Accounts, Central Command for adjustment.
4. **Ordnance:-** All receipts and issues are accounted for in the Equipment ledgers, as in other units and formations.
5. **Clothing and necessaries:-** Personnel of the Armed Forces are issued with clothing and necessaries in accordance with the rules applicable to their arms of service. In the case of issue of clothing and necessaries to Gentlemen Cadets the cost is met from their outfit allowance. The stores obtained for this purpose from the AOC are accounted for in the clothing ledger in the usual way. A personnel account is maintained in addition showing the issues of articles to each cadet.
6. **Furniture:-** Articles received from the MES are brought on charge in the main furniture ledger (IAFW 1814). Issues are made according to the scales laid down in Barrack and Hospital Schedules

and vouchers are prepared and posted in the furniture distribution ledgers which are maintained for each class of recipient separately e.g office lecture room, officers quarters, ORs quarters, Gentlemen Cadet hostels etc. In respect of issues on hire, statements are sent to the MES for assessment and recovery of licence fee.

**(d) Audit Procedure**

1. The instructions laid down in chapter 28 of this part of the Manual for the local test audit of the accounts of units and formations should be observed generally.
2. The following points should be specially seen:
  - A. that the issue of rations to various Cadets Messes is in accordance with the scale laid down.
  - B. that clothing and necessaries issued to Gentlemen Cadets are accounted for against the outfit allowance of the Cadets and no extra issues are made free of charge
  - C. that railway / road warrants are issued in accordance with rules, and
  - D. that the sanctions accorded by the Commandant and expenditure incurred by him are in accordance with the financial powers vested in or delegated to him.

**(iii) Army Cadet College (ACC) Dehradun**

The College caters for training of JCOs selected for commission. It follows the format on the pattern of 10 + 2 + 3 similar to NDA. This college also caters for Training of OR's selected for commission.

**(iv) Defence Services Staff College, Wellington**

The college is mainly intended to train officers drawn from the three services for middle level staff appointment and to promote inter services co-operation and understanding Joint Service aspect of the training is given utmost importance. Service Officers from friendly foreign countries and Civil Services in India undergo the 45 weeks Courses along with the officers of the three Services selected for such training. Student Officers from friendly foreign countries are trained in the college with reference to orders of the Government issued on the subject. Recoveries on account of cost of training and other charges as applicable (as per Ministry of Defence letter No.A/90052/ GS/MT-1/956-US/D(GS.II) dated 13.11 .84 as amended and Ministry of Defence OM No.21(1)/87/D(GS.II) dated 17.11.88 as amended or other orders as applicable to student officers of the particular countries are recovered by the CDA SC Chennai based on statement furnished by the Commandant. Student Officers on completion of the course are awarded the degree of M.Sc. in Defence studies by the University of Chennai. Apart from the various accounts maintained as for on Army formations and audit procedure to be followed as brought out in chapter 28, the points indicated in para 786 (i) and (ii) (a) above would also be looked into in test audit.

**(v) College of Military Engineering, Kirkee**

The College is the corps school of the Corps of Engineers and is primarily intended to impart basic technical and specialised training to officers and others of the Engineer Services through various courses of instructions. It also imparts basic training in engineering to officers, JCOs and NCOs of other Corps of the Army.

**(vi) Infantry School, Mhow**

The main functions of the School are (1) to teach officers upto the standard necessary to make them fit for Lieutenant Colonel's command both in peace and war (2) to impart training to officers of all corps in the training and administration of a rifle company, (3) to train JCOs and NCOs of Infantry and Light Armoured Regiments in duties of Platoon Commander, (4) to train regimental instructors in the handling of all the weapons of an Infantry Rifle Platoon, (5) to suggest to the AHQ improvements in the organisation of Infantry units, and (6) to prepare training pamphlets and films dealing with tactics, administration, infantry training and small arm training.

**(vii) Armoured Corps Centre and School, Ahmednagar**

The School trains instructors for all regiments and the armoured corps centre in gunnery, driving, wireless and tank technology. It also imparts training to young officers of the corps on first commissioning. It further trains other ranks selected for the Armoured Corps in Tank and Armoured Vehicle Driving, Tank Gunnery and Tank Wireless Operations.

**(viii) School of Artillery, Deolali**

The important functions of the school are (1) to train students in the technical handling of artillery and technical and artillery staff duties (2) to train instructors and assistant instructors in gunnery survey and instructors fire control for the School of Artillery, (3) to impart advanced training to air observation post pilots, flying instructors and rear observer, and (4) to keep upto date all the technical and technical development affecting artillery.

**(ix) Officers Training Academy, Madras**

This establishment started functioning from 1963 under the direct control of Army Training Command Headquarters (ARTRAC), Shimla and designed to train University Graduates recruited for Army. It imparts 49 weeks of training to Gentlemen cadets and also 24 weeks of training to women cadets in General Staff Branch. The establishment is designed to train 500 cadets which was enhanced to 600 cadets (including 100 women) annually. Financial assistance and expenditure against various grants would be subjected to audit as for NDA/IMA.

**(x) Rashtriya Indian Military College, Dehradun.**

(a) The Rashtriya Indian Military College (RIMC) was founded on March 13, 1922 with the object of providing the necessary Preliminary training for boys of Indian birth or domicile, wishing to become officers in the Armed Forces of India. The cadets from RIMC are not admitted directly into NDA. They are required to qualify at the UPSC and the SSB. The college provides education on the lines of Residential Public Schools for boys who desire to join NDA. Fees at rates prescribed by Govt. are required to be paid by the parent or guardian in two equal instalments for each college year in advance.

**(b) Audit Procedure**

1. In addition to the procedure prescribed for the audit of Indian Military Academy, the following points should be seen.
  - A. that the fees are paid in advance

- B. that full cost of training is recovered from the parents guardians desirous of withdrawing their boys, and
  - C. that the various monetary grants are utilised for the purpose for which they are meant.
2. The following points should also be seen:
- A. Remission of fees should be on the following condition
    - I For remissions of fees of the cadets whose parents income is less than the amount prescribed per month as per orders issued on the subject are given preference.
    - II Concession is subject to satisfactory conduct and academic progress of the cadet. A cadet must have obtained a minimum of 50% marks during the term.
    - III Orders on remission of fees are adhered to
    - IV Award of remission of fees is not granted to :
      - those found medically unfit permanently for entry into National Defence Academy, and
      - those who failed twice in the entrance examination to the National Defence Academy.
  - B. Medical Treatment / Examination /Medical Cover
    - I Free medical treatment to the Cadets is given to the extent facilities are available in the College Hospital. Should it be necessary to provide additional nursing sisters for their treatment in the College Hospital the charges incurred on this account should be borne by the parents or guardians of the cadets.
    - II Following charges are recovered from the parents / guardians (other than the serving military personnel) in respect of cadets admitted in Military Hospital, Dehradun.
      - Normal diet charges for the ordinary hospital treatment
      - Lump sum charges at the discretion of the Officer Commanding, hospital for operative treatment where provided
      - Cost of special nursing, if provided
      - Any other cost outside that of ordinary hospital treatment

(Authority: Paras 19 and 20 of the Regulations for the RIMC Dehradun (1976 Edition)

### **(xi) Military Schools**

The schools have been reorganised as residential public schools providing all-round general education upto the standard of Secondary School Examination and the Senior Secondary School Examination of the Central Board of Secondary Education and also for the entrance examination for the NDA. Admission to Military Schools are governed by instructions contained in Appendix 11 of FR part II and AO 14/88. A Quartermaster is lent to the Schools from the Army for looking after rations, clothings, equipment and other store accounts.

### **(xii) Army School of Physical Training (ASPT)**

- (a) The School imparts physical training in different types of courses such as



Officers' PT Course, Assistant Instructors' Basic Course, Advance Refresher Course to NCOs with a specific aim to meet all possible requirement of the Army in Physical Training and games/sports activities.

- (b) In addition to above courses, this school, in order to enable the Army to play a leading role in the field of games and sports, has also undertaken the responsibility of running specialised course to train unit personnel as coaches in various games, so that they in turn can groom Army Sportsmen for national and international competitions. The coaching courses are athletics, basket-ball, swimming and life saving, boxing, advanced gymnastics. This school is also entrusted with organisation and conduct of major tournaments upto service levels, at times national championships in a few events like Athletics, Gymnastics and Hockey have also been conducted by this School.

Other Important Training Estt. Of Army are as follows.

1. CMM Jabalpur
2. Institute of Defence Land Management, New Delhi.
3. College of Combat Mhow (Army War College)
4. MCTE, Mhow
5. MCEME Secunderabad
6. EME School, Baroda
7. J.L. Wing Belgaum
8. Military Farms School, Meerut
9. ASI Pune
10. AYN Mumbai
11. ARN CME Pune

### **Section - 3**

#### **Training Institutions of Inter Services Organisation**

##### **787 (i) National Defence College, Delhi.**

National Defence College is a premier inter-services training institution set up in 1960. Its training course is designed to equip future policy makers with a broad understanding of the revised economic, political, military, scientific and organisational aspects involved in the planning of national strategy. Armed Forces Officers of the rank of Brigadier and their equivalent in other services and civilian officers of the rank of Senior Deputy Secretary / Director are nominated for the 11 months training with focus on planning for national strategy. Study tours both within and outside the country form an integral part of the course.

##### **(ii) School of Foreign Languages, New Delhi.**

The school imparts training in foreign languages, providing for Advance Diploma course and interpretership courses. The accounts are to be audited as brought out in Para 407(xi) Chapter IX Army Local Audit Manual.

##### **(iii) College of Defence Management, Secunderabad.**

The College of Defence Management, Secunderabad is responsible for conducting courses in various discipline of Management with particular emphasis on

Defence related subjects.

**(iv) Defence HQ Training Institute (DHTI)**

The Defence Headquarters Training Institute will be responsible for coordinating all training activities in respect of Armed Forces Headquarters Civilian personnel working in Service HQrs and Inter-Service Organisations in accordance with the guidelines enunciated in National Training Policy of the Central Government.

In addition to the main role of coordination the training activities in respect of Armed Forces Headquarters Civilian personnel mentioned in the preceding paragraphs, Defence Headquarters Training Institute will also carry out such programmes for Service Officers posted in Armed Forces HQrs and Inter-Service Organisations from time to time as are considered necessary for improving the quality of performance.

**CHAPTER- 39**  
**PAY ACCOUNTING - PBORs**

**788.** The pay accounts of all PBORs (including those holding honorary ranks as commissioned officers) of the Army, Reservists, Boys of the Boys Battalion and civilians' (other than locally engaged personnel) serving with units/formations in field/operational areas are maintained on the Individual Running Ledger system.

**789.** (i) (a) With effect from 1.11.94 the organisation of PAO (ORs) have been placed under complete functional & Administrative control of Regional CDAs as indicated in the Annexure 'A' to this chapter:

| Name of PAOs   | Regional Controller |
|--|---------------------|
| <ol style="list-style-type: none"> <li>1. PAO (ORs) BRC Danapore</li> <li>2. PAO (ORs) ASC (AT) Gaya</li> <li>3. PAO(ORs) PRC Ramgarh</li> <li>4. PAO (ORs) SRC Ramgarhs</li> </ol>  | }<br>CDA Patna      |
| <ol style="list-style-type: none"> <li>1. PAO (ORs) RVC Meerut</li> <li>2. PAO (ORs) EEG&amp;C Roorkee</li> <li>3. PAO (ORs) JRC Bareilly</li> <li>4. PAO (ORs) GRRC Lansdowne</li> <li>5. PAO (ORs) KRC Ranikhet</li> </ol>   |                     |
| <ol style="list-style-type: none"> <li>1. PAO (ORs) APTC Pune</li> <li>2. PAO (ORs) Imt. Corps Pune</li> <li>3. PAO (ORs) BEG&amp;C Kirkee</li> <li>4. PAO (ORs) AE(R) Ahmednagar</li> <li>5. PAO (ORs) MIR Ahmednagar</li> <li>6. PAO (ORs)</li> <li>7. PAO (ORs) Arty. Nasik+</li> </ol>           |                     |
| <ol style="list-style-type: none"> <li>1. PAO (ORs) RRRC Delhi cantt.</li> <li>2. PAO (ORs) 14 GTC Sabathu</li> </ol>  |                     |
| <ol style="list-style-type: none"> <li>1. PAO (ORs) Cannanore</li> <li>2. PAO (ORs) Willington</li> </ol>  |                     |
| <ol style="list-style-type: none"> <li>1. PAO (ORs) KRC Ranikhit</li> <li>2. PAO (ORs) AMC Lucknow</li> <li>3. PAO (ORs) 11 GRRC Lucknow</li> <li>4. PAO (ORs) SLI Fatehgarh</li> <li>5. PAO (ORs) RRC Fatehgarh</li> <li>6. PAO (ORs) DRC Faizabad</li> <li>7. PAO (ORs) 39 GTC Varanasi</li> </ol> |                     |
| <ol style="list-style-type: none"> <li>1. PAO (ORs) MEG Bangalore</li> <li>2. PAO (ORs) ASC (MT) Bangalore</li> <li>3. PAO (ORs) ASC (Snp) Bangalore</li> <li>4. PAO (ORs) PCTC Bangalore</li> <li>5. PAO (ORs) CMP Bangalore</li> </ol>   |                     |

6. PAO (ORs) Para Rage Bangalore
7. PAO (ORs) MLI Belgaum

1. PAO (ORs) Signals Jabalpur
2. PAO (ORs) GRC Jabalpur
3. PAO (ORs) J&K Rifles Jabalpur
4. PAO (ORs) MRC Saugar
5. PAO (ORs) AEC Pachmarhi
6. PAO (ORs) RR Jabalpur

1. PAO (ORs) EME Secunderabad
  2. PAO (ORs) AOC Secunderabad
- CDA Secunderabad

1. PAO (ORs) 58 GTC shillong
  2. (i) PAO (ORs) 14 GTC Subathu  
(ii) I.O. Group Chandigarh which is functioning for 14 GTC PAO
- CDA Gauhati

1. PAO (ORs) JAKLI Srinagar
  2. PAO (ORs) L.S. Leh
- CDA (NC) Jammu

- (b) Similarly the present Z.O. (ORs) Patna will come under the complete administrative and functional control of CDA Patna and henceforth will report to CDA Patna on all matters.
- (c) Consequent on the above reorganization the Z.O.(ORs) Patna will cease to have administrative and functional control over PAO(ORs) 58 GTC Shillong, PAO(ORs) ARC Shillong and PAO (ORs) 39 GTC Varanasi.
- (d) The PAO(ORs) 39 GTC Varanasi is attached with Z.O. (ORs) Lucknow under this organisation till further orders in addition to the presently attached PAOs.

(Authority : CGDA Confdl. No.AN/111/3019/REORG dated 21.9.94 and CDA(ORs) North orders.)

(ii) Functions relating to maintenance of such IRLAs are discharged by Pay Accounts officers functioning under Regional CDA.

(iii) As regards Army Postal Service Corps, the IRLAs of JCOs / ORs transferred to APS Centre are maintained by Director of Accounts (Postal) Nagpur.

(iv) The functions and responsibilities of Controllers of Defence Accounts /Pr. Controllers of Defence Accounts in regard to maintenance of Pay Accounts of PBORs and procedure to be followed by various sections are brought out in detail in DAD OM Part X Volume I

790. To have the effective control over functioning and monitoring of the PAO (ORs), the following sections in the office of the Regional Controllers of Defence Accounts deal with various items of works as indicated against each:

**(i) (a) AN Pay Section**

This section deals with the preparation of the Pat bills of the officers and staff of the small PAOs and cheques for Pay & Allowances of these PAOs are issued by 'D' Section. Pay Bills of the officers and staff of major PAOs are prepared locally by PAOs concerned and payment is also made by them.

(b) TA Section of the Regional CDAs is responsible for audit and payment of

Travelling Allowance claims (including conveyance and road allowance of Service personnel viz. PBORs serving with embassies etc. for moves Ex-India or return therefrom)

The audit checks to be applied are as indicated for similar claims dealt with in Pay Section and 'T' Section of Regional Controller's Offices.

**(ii) Accounts Section**

This section is responsible for maintenance of various registers / accounts etc. as followed in any Regional CDA's office. In addition the Accounts Section in CDAs Office is responsible for coordination and for ensuring correctness of procedure followed by PAOs in preparation and submission of punching media, vouchers/Inward Defence I.D. schedule, PLI schedule, payments to personal posted to embassies/high commission abroad, Allotment of Imprest Account Numbers, Postal collections credited into imprest accounts etc. as detailed in Section II of Chapter 18 relating to Accounts Section in Part B of this Manual. Sanction relating to HBA to PBORs are received by Account Section of Regional CDA which issues payment authority to imprest holder of the Unit concerned for making Payments.

(OM X Vol.I 1992 Edition)

**(iii) Disbursement Section**

The functions of this section and audit checks applicable are similar to that of a Regional Controller's office. This section is also responsible for the issue of cheques on account of terminal credit balances in AFPP Fund Accounts if payment by cheque is desired by the subscriber.

**(iv) Audit Section**

(a) The objectives of this section are :

1. to lay down procedure for PAOs for proper and efficient maintenance of pay and fund accounts of PBORs and Defence Civilians where necessary .
2. to review constantly existing procedure for improvement
3. to exercise control over technical functioning of the PAOs through the medium of reports, reviews and complaint received.

(b) This is a Co-ordinating Section and gives audit decisions in respect of matters referred to CDA by other audit sections and the various P AOs. This section also issues instructions to the PAOs regarding maintenance of Pay Accounts of PBORs etc. Copies of these instructions are forwarded to Command Officers who are responsible for the audit of the accounts of the CDA concerned. These instructions are to be scrutinised in test audit in general to see that they are in order.

(c) This section also controls the work of all the PAO (ORs) and render reports and returns to the CGDA on the basis of materials supplied by the former.

(d) Functions relating to rendition of quarterly reports on Major Financial and Accounting Irregularities, rendition of quarterly statements of cash losses and annual statements of cash losses for exhibition in Appropriation Accounts to the CGDA through the Command Officer responsible for test audit and rendition of Annual

Audit Certificates to the CGDA, carried out by the Financial Advice Section of a Regional Controller's office are carried out by this section. These reports / returns rendered would be subjected to test audit as is done in FA section.

**(v) Pay Accounts Offices**

- (a) Pay Accounts Officer responsible for maintenance of Pay Accounts of PBORs are attached to the Regimental / Corps centre on which the personnel are based .
- (b) Chapter IX FA Part II brings out in detail the system of Pay accounting, preparation and submission etc. of Part II Orders, items of pay and allowances adjusted through IRLAs, recoveries of Fund subscriptions etc. procedure for making family allotments etc.
- (c) Consequent on the computerisation of Pay accounts of PBORs in most of the PAO (ORs) master cards of all IRLAs are prepared to enable feeding of relevant details of the IRLAs to the computer, based on which Central Card Index Master is made out by the EDP Centre.
- (d) With the computerisation of pay accounts the following items of work which was hitherto being carried out manually are dispensed with
  1. Preparation and tallying of summaries every quarter
  2. Posting of Acquittance Rolls / Dr. Vouchers
  3. Maintenance of AFPP Fund Accounts
  4. Adjustment of DOs Part II
  5. Closing / copying of accounts every quarter
  6. Preparation of statement of accounts every quarter
- (e) Central Card Index in IAFF 1088 maintained by PAOs with reference to provisions of paras 137 to 142 of DAD OM Part X with a view to ensuring that only one IRLA is maintained for an individual, is no longer maintained in respect of computerised IRLAs. This register is however required in respect of IRLAs maintained manually and IRLAs transferred to non-effective collation. Updated Central Card Index Master is required to be made available to the PAOs by the EDP Centre concerned every quarter soon after the closing of the accounts. Entitlements of pay, various allowances and claims admissible as well as all recoveries of different nature are codified for purpose of being fed to the computer. Based on Part II orders made available, EDP Centre prints out the DO II listing and after establishing centers send them to the PAO for distribution to ledger groups. These listings after being entered in a central register in the central control group are distributed to the Ledger Groups, These lists indicate financial effect duly calculated in respect of actionable items (both audit cage and accounting cage) in respect of specific allowances / deductions listed together relating to an army number. Admissibility of credit / correctness of debits checked with reference to DO II listing referring to the Original Manual Part II Orders where necessary.

**791.** The main points to be looked into during Audit of PCDA/CDA :-

- (i) The credit for various allowances is admissible with reference to rules /

regulations / orders / Army instructions.

- (ii) The period involved and amount calculated are correct.
- (iii) No double payment is involved.
- (iv) In respect of allowances admitted e.g. Ration Allowance, CEA, CILQ etc. no over lapping periods are involved.
- (v) Transcription of details relating to Audit Cage (s) for being fed to computer is correct with reference to financial effect shown in the accounting cage with DO II reference.
- (vi) Transcription lists sent to EDP Centre after audit are acted upon.
- (vii) The system provides for accountal of all types of transactions and items rejected by computer should be examined to find out how such cases have been finally dealt with.
- (viii) Systematic review of the printed IRLAs had been carried out by the PAO in the review group, and how errors and lapses in the system had been corrected / remedied.
- (ix) Reports rendered to the CDA /PCDA/CGDA on errors/ lapses should be carefully scrutinised.

**792.** Points to be looked into during audit of IRLAs maintained manually are :

- (i) All spare IRLAs are kept under lock and key and those in use are properly authenticated
- (ii) Pay and allowances admitted and penal deductions, fines, forfeitures of pay etc. adjusted are in accordance with the entries in the sheet rolls and Part II Orders noted in the upper portion of the IRLAs.
- (iii) Advances drawn on acquittance rolls are debited in the IRLAs.
- (iv) With reference to the monthly FAMO lists received from the Record Officer, the IRLAs of the individual concerned are correctly debited with the amount of family allotment. This debit is made in the account before the PAO records the certificate of recovery on the FAMO lists.

(Authority: DAD OM Part X Vol. 1 (1973) Para 253)

- (v) When no advance (Acquittance Rolls charges) appear in IRLAs for considerable periods and when the non-drawal of advances is not due to the individual having been granted accumulated leave, confirmation has been obtained from the Officer Commanding concerned, that the Personnel is actually effective and is not a deserter or absent without leave. (This check is necessary to ensure that remittances of family allotment are not continued in such cases).
- (vi) In the case of Personnel having debtor balances, action is taken to restrict advances or reduce family allotment.
- (vii) There is no undue delay in the issue of Part II Orders
- (viii) Acquittance rolls bear proper acquittance by the payees and are complete in all respects.
- (ix) No provisional IRLAs have been opened.
- (x) The carry forward of the total of opening and closing balance of credits and debits has been correctly done
- (xi) Heavy credit balances are not due to entitlement being credited without corresponding payment of advances being debited in the IRLAs.

Checks at (v), (vi), (x), (xi) are equally applicable in respect of IRLAs computerised.

### **Scrutiny of Part II Orders**

**793.** Part II Orders should be reviewed to see that selected events have been properly adjusted in the IRLAs and that all the casualties published relating to grant of leave (CL/AL) and sanction of children education allowance (CEA), Compensation in lieu of quarters (CILQ) etc. are in accordance with the rules and limits prescribed therein.

### **Scrutiny of Acquittance Rolls**

**794.** Acquittance rolls should be reviewed to see that the instructions contained in Field Imprest Payment Instructions and those given on the reverse of the printed Acquittance Rolls Form (IAFF 111A - duplicate) and in para 358 of Defence Audit Code are complied with. It should also be ensured that the acquittance rolls shown as adjusted in the Acquittance Rolls Control Register have been reconciled with those shown, as recovered in the summary for the quarter and discrepancies, if any, have been investigated.

### **Imprest Accounts**

**795.** During the test audit of Imprest Accounts in Pay Accounts Offices the detailed instructions regarding the preparation and rendition of these accounts as given in Field imprest Payment Instructions (1967 print) and those contained in Army Orders issued from time to time and the audit checks prescribed in para, 357 Defence Audit Code should be borne in mind. In addition the following points should be specially seen:-

(i) that a watch is kept for the receipt of Imprest cash accounts.

(ii) that the sums advanced to the Imprest Holders by the Field Cashiers / Regional CsDA as advised by them direct to Pay Accounts Officers and by Pay Accounts Officers themselves in respect of regimental centres, located alongside their offices have been correctly accounted for in the Imprest Cash Account.

(iii) that a complete reconciliation exists between the amount of advances compiled under suspense head, (0/018/65) and the amounts booked under this head by the Controllers of Defence Accounts concerned.

(iv) that losses of public money or any irregularity likely to result in such a loss, have been reported to the higher administrative authority and to the concerned CDA and that the amount involved has not been charged off in the Imprest Account but is included in the closing balance till sanctioned by the competent financial authority.

(v) that quarterly surprise checks of balances in the Imprest accounts are carried out and the results, endorsed in the Imprest accounts in the prescribed manner.

### **Family allotments**

**796** (i) family allotment registers are maintained by the service personnel in the Record Offices. Monthly Family Allotments Money Order lists as also money order lists for casual remittances are prepared from this register and the remittances are also noted therein. These registers show the names and addresses of the individual to whom the family allotments are to be sent. This information is furnished by the.



Other Ranks through the officer commanding the unit to the Record Offices. Similarly when there are sufficient amounts available at the credit of the individuals they are allowed to make casual remittances by intimating the Record Offices. During the local test audit it should be seen that: (a) free remittances of family allotments have been authorised only in respect of persons entitled to make such remittances, (b) the family allotment registers have been maintained properly, (c) the Family Allotment Money Order lists etc. have been correctly prepared, and (d) in respect of casual remittances such remittances at public expense are permitted.

(ii) The figures on account of family allotments booked in the quarterly summary should be compared with the corresponding FAMO lists and it should be ensured that no discrepancy exists.

Note : Free remittance of family allotment through official channel may be made by service personnel serving in operational areas to their families in India when this concession is specifically sanctioned by Government Service personnel posted to Embassies (High Commissions / Military Missions abroad may similarly make remittance of family allotment through official channel subject to money order commission being charged to their account. JCOs /ORs deputed ex-India for Courses of Instructions will, however, be allowed free remittance of family allotments through official channels during the period of their stay ex- India and for two months, after their return to India.

### **Former Service Claims**

797. Former Service claims for counting of former enrolled service for purposes of pension should be checked to the prescribed extent during the local test audit. Instructions contained in para 122 et seq Pension Regulations Part I (1961 edition) should be borne in mind.

### **Compilation of Pay and Allowances**

798 (i) The pay and allowances of Armed Forces personnel are compiled on 'entitlement basis' instead of on 'disbursement basis'. The entitlement of Pay & Allowances and the payment there against are adjusted in the IRLAs of the PBORs and Head wise abstract of receipts and charges is prepared by DDP center in the PAO's office. Thereafter Punching Medium is prepared by each PAO and sent along with schedules and vouchers to EDP Center as well as to Accounts Section of Regional CDA concerned.

(ii) During the test audit, it should be seen that the punching medium is prepared from the abstract and the figures in the abstract and the summary have been correctly taken from the summary and the IRLAs respectively.

### **Non-effective accounts**

799. In the case of men becoming non-effective, pay and allowances are drawn upto the effective date by the Pay Accounts Offices (ORs). The amount on account of ration money for road and rail journeys, pay and allowances on account of terminal etc. leave, are credited and terminal credit balance thus worked out is intimated to the Officer-in-Charge Records through the medium of Payment Authorities for disbursement to the individuals. This credit balance is paid to the individual on an Acquittance Roll, which is linked with the IRLAs of the individuals and the account is closed. In connection with the audit of IRLAs of non-effective persons, it should be seen that the terminal payments have been correctly worked out. Any error should be taken up with the Pay Accounts Officer concerned, as any over-

payments to these persons would become irrecoverable.

### **Other claims dealt with by PAO (ORs)**

**800** (i) The PAOs (ORs) are responsible for audit and payment / adjustment of the following types of claims:

- (a) Road mileage claims of ORs and NCs (E).
- (b) T A and DA claims of civilians of MES and other Corps proceeding to operational areas and their family claims for moves to selected places of residence.
- (c) Food inspection duty claims.
- (d) Reservists claims.
- (e) Air Travel Claims.
- (f) Conveyance allowance claims admissible under rules.
- (g) IRLAs .of civilians serving in operational area.
- (h) Adjustment of Part II Order notifications on account of credit balances of deserters etc.
- (i) Bills on account of AF PPF Advance
- (j) Bills on account of cycle advance in respect of ORs
- (k) Bills on account of Service Gratuity.

(ii) These claims should be audited with reference to the rules regarding admissibility and conditions for the grant of the allowances. All other unit allowances claims are dealt with by the Regional CDA concerned as indicated in para 263 of this Manual. The PAOs (ORs) are also responsible for the audit of Report on Major Financial & Accounting Irregularities' rendered by the Officers-in-Charge Records in respect of cash assignments placed at their disposal for payment of FAMOs and FSMOs:

### **Fund Accounts**

**801.** The IRLAs maintained by the PAOs in the revised form in IAFF 1019 contain in addition to the pay accounts, the AF PPF Accounts of Other Ranks. These fund accounts should be audited with reference to the Rules contained in as AO 15/S/49, AI 4/S/60 etc. It should be seen inter alia that:

- (i) The rates of subscription have been correctly worked out and recoveries of subscription are made regularly.
- (ii) Recoveries on account of refund of temporary withdrawals are being made regularly,
- (iii) Interest is calculated correctly.
- (iv) Fund summaries are prepared correctly and the procedure introduced in CGDA New Delhi No. NHI/11952/PC, dated 1.3.78 is working satisfactorily and large difference do not occur between AFPP Fund Summary and compiled actuals.
- (v) Final payments of fund balances are correctly made.
- (vi) Annual fund statements are sent to the respective units in which the individuals are serving and the acknowledgements watched. .

### **Pay Accounts of Territorial Army units**

**802.** The pay accounts of Territorial Army units and the audit checks exercised are detailed in para 299 et seq of Defence Accounts Department OM Part X Volume I (1973). During audit of these accounts it should be seen that (i) pay and allowances on different occasions are admitted as per relevant schedules of Territorial Army Act Rules 1948 (ii) outfit allowance is correctly regulated and (iii) Government servants called out or embodied are admitted pay at civil or appropriate military rates whichever are higher and not both.

**CHAPTER- 40**  
**DEFENCE PENSION DISBURSING OFFICERS (DPDOS)**  
**TREASURIES AND BANKS**

**Introduction**

**803** (i) Disbursement of Defence Pensions of all kinds payable to retired Service Officers, personnel below officer rank, Defence Civilians, pensioners (including pensioners of the Defence Accounts Deptt. General Reserve Engineer Force, Coast Guard) and family pension of all personnel is made by either Defence Pension Disbursing Officers or Treasuries or nominated Public Sector Bank branches in the various State. Pension Payment Orders notifying the quantum of various types of pensionary benefit will be forwarded to the pension disbursing agency by authorities indicated below:

**Service Officers and their families**

Army - (P) C.D.A. (P) Allahabad  
Navy - (P) C.D.A. (N) Mumbai  
Air Force - (P) C.D.A. (A.F.) New Delhi

**Personnel below officer rank and families**

Army - Record Offices concerned  
Navy - Bureau of Sailors, Mumbai  
Air Force - Air Force Records office

**Defence**

Civilians including  
DAD, GREF &  
Coast Guard and - Respective heads of  
Their families - offices

(ii) Detailed instructions relating to payments of pension are contained in Pamphlet titled 'Pension Payment Instructions issued by the Pr. Controller of Defence Accounts (Pensions) Allahabad, Drill on the working of D.P.D.Os and the scheme for payment of pensions of Defence Pensioners by Public Sector Banks (revised and effective from 1.1.1987) issued by the Ministry of Defence.

**Defence Pension Disbursing Officers**

**804. (i) Organisation**

Defence Pension Disbursing Offices function at various places under Zonal officers spread over the country under the administrative control of PCDA (Pension Disbursement) Meerut except in respect of the D.P.D.Os under Zonal Officer, Chennai who are under the administrative control of PCDA, S.C. Chennai. Each D.P.D.O. is manned by A.Os/Sr. A.Os depending upon the number of pensioners. Pension offices are also located at Kathmandu Pokhara & shavan in Nepal headed by Army officers. These are known as Gorkha Pension officers.

## **(ii) Responsibilities**

DPDOs are responsible for :-

- a) Disbursement of pensionary entitlements of Defence Services Officers, personnel below officers rank, Pak, HKSRA, J&K Militia and Defence Civilians including DAD, GREF and Coast Guard authorised by pension sanctioning authorities viz PCDA (P) PCDA(N) PCDA(AF) on the basis of entitlements notified in Pension Payment Order.
- b) Submission of monthly cash accounts along with punching medium, paid vouchers and connected documents to Main Office duly compiled to the relevant code heads.
- c) Upkeep of prescribed documents/ registers etc.
- d) Propagation of New Banking Scheme
- e) Redressal of pensioners' grievances
- f) Furnishing data capture sheets for purpose of computerisation of Pension Accounts.

## **iii) Important Documents maintained by DPDOs**

- a) PPO Register
- b) Treasury Serial No./Pensioner Serial No. allotment Register
- c) Descriptive Roll
- d) Check Registers
- e) Control Register of Check Registers
- f) Index Register of pensioners in alphabetical order.
- g) Demand Register
- h) Money Order Register
- i) Register for watching acknowledgement
- j) Register for Amenity grants
- k) Cash Assignment Register
- l) Cash Book

## **(iv) Audit Procedure**

### **(a) Cash Book**

It will be seen that:-

1. Separate Cash Books on IAFA-125 are maintained for recording the following placed at their disposal.
  - A. Payment of pension and gratuities from the cash assignment placed at their disposal.
  - B. Payments on account of Pay & Allowances of the staff of the DPDO's office including advances and other miscellaneous payments, if any, from the cheques issued by the CDA.
  - C. Payment on account of office contingencies paid out of the imprest account sanctioned by the Main office.

2. The cash books are closed monthly under the signatures of the DPDO and reconciliation statements are made out in respect of Assignment Cash Book.
3. All the entries in the Cash Book are initialled by the DPDO and that no delay occurs in the accounting of transactions therein.
4. If there is any cash balance, its credit to Govt. has not been unnecessarily delayed.
5. The amount of cheques have been correctly disposed of.
6. The Day/Tally Book which form the sub-accounts of the main cash book and contain a record of all the transactions between the pensioners and the public fund accounts are accurately posted and properly maintained.

**(b) Cash Assignment Register**

It will be seen that:-

1. Separate pages are allotted for assignments placed on different banks;
2. Posted upto date;
3. Postings are verified with reference to counterfoils of cheques and
4. The assignments placed are not heavy and action is taken for reduction in cases of heavy assignments.

**(c) Pension Payment Order Register**

It will be seen that:-

1. The pension payment orders are entered in the order in which they are received;
2. Separate pages have been allotted to different series of PPOs;
3. All PPOs have been entered in the register.

**(d) Registers for allotment of reference nos. to the Pensioners.**

It will be seen that:-

1. Two separate registers are maintained one for allotment of pensioners serial nos. to class I, II and V pensioners and second for allotment of Treasury Serial Nos. to Class VI, VII, and VIII pensioners.
2. There is no undue delay in allotment of reference numbers to the pensioners as soon as pension documents received either from the records or other Pension Disbursing Officer.
3. Intimations regarding allotment of Nos. are sent to Main Office through form II-Statement.

**(e) Payment/Check Register**

Detailed instructions relating to the maintenance of payment/check register are contained in Appendix IV to Pension Payment instructions.

It will be seen that:-

1. The registers are maintained in the prescribed forms as per class of pensions.

2. The column rate of pension per month is in all cases attested by the DPDO.
3. The amount paid and the date of payment and authority for the payment of pension are entered in the columns provided;
4. The conditions for the grant of pension are prominently entered to avoid overpayment of pension;
5. The modifications either in the rate of pension or conditions attached thereto are posted upto date in accordance with the notifications published from time to time in PDO and attested by competent authority;
6. The relevant instructions given in the Appendix to Pension Payment Instructions are generally compiled with in the maintenance of check/ payment register.

**(f) Money Order Register**

The register should be scrutinised to see that the Money Orders sent are recorded, cross linked with entries in Day Book/ Cash Book and acknowledgements watched.

**(g) Demand Register**

Demand Registers should be scrutinised to ensure that recoveries due from the pensioners are made promptly and regularly and no undue delay has occurred in effecting the recoveries.

(h) The points to be seen in addition during the audit of DPDOs are:

1. The accounts duly compiled had been rendered to Zonal officer/ CDA (PD) along with the monthly cash account.
2. The vouchers and schedules have been forwarded to PCDA (P) for payment audit along with the copy of the compiled account along with document listed out in Para 4, Chapter 1 of DAD OM Part IV Volume V. In the event of vouchers and schedules being not sent to PCDA (P) the payment audit contemplated is carried out locally.
3. Arrear claims covering periods, of more than one year due to non-drawal of pension is paid only as per provision of 46 (xxii) and 61 of DAD OM Part IV volume V.
4. The clearance of observations raised in payment audits as indicated in para 28 et seq of Pension payment Instructions is carefully scrutinised.
5. There is evidence to show that personal appearance by pensioners envisaged in para 7 pension payment instructions had been ensured by the DPDO or life certificate duly issued by any one of the authorities indicated in para 9 thereof had been furnished.
6. Identification of pensioners over 70 years of age as indicated in para 12 of Pension Payment Instruction had been ensured and that the prescribed certificate by DPDO had been given. Annual identification in respect of Class VI, VII and VIII pensioners had been carried out and prescribed certificate furnished. In respect of women pensioners who do not appear

in public, periodical certificates of continued existence by two or more persons of respectability had been obtained.

7. Inspection Reports of Zonal Offices relating to DPDOs concerned and action taken thereon should be carefully studied.

### **Civil Treasuries**

**805.** Treasuries functioning under the States disburse Defence pensions to Defence Pensioners desiring to draw pension from such treasuries based on Pension payment Order received from the Pension sanctioning authorities as brought out in para 803 above. Treasuries make the disbursement as per Section IV of the Compilation of Treasury Rules. After payment treasuries render accounts to the C.C.D.A.(P) along with PCDA paid vouchers and such payments are adjusted through RBI Nagpur under Defence proforma Accounting Procedure. Defence pensions paid by PAO Pondicherry and Director of Accounts, Goa are however reimbursed by payment by cheques. The audit of such payments in the Treasuries is carried out by the State Accountant General concerned.

(DADOM Part IV Vol. I – Chapter IV)

### **Payment through branches of Public Sector Banks**

**806.** (i) Payment of pensions to Defence Pensioners (including civilian Defence Pensioners and Pensioners of the Defence Accounts Department, General Reserve Engineers Force and Coast Guards) is governed by the scheme for payment of pensions by Public Sector Banks, (revised and effective from 1.1.1987) issued by the Ministry of Defence.

(ii) Under this scheme pension is paid by credit to pensioners savings/ Current Account at the Public Sector Bank Branch selected by the pensioner.

(iii) Managers/Agents of nominated link branches of Public Sector Banks receive Pension Payment Orders and connected documents from the Pension Sanctioning Authorities as specified over special seal (specimen of which is already made available to such branches) or from the District Treasury Office/ DPDO in cases of transfers requested for getting payments from Public Sector Banks based on applications received from pensioners, in which cases the letter of authority would be embossed with special seal authority of the Treasury officer/ D.P.D.O.

(iv) Link Branches will prepare Extract Index Register of Defence Pension Payments in the prescribed form and forward it to the CDA concerned. Paying Branches will maintain detailed record of pension payment in a Register in the form prescribed. Instruction for the guidance of Public Sector Banks for payment of pensions to Defence Pensioners are detailed in Annexure H to the pamphlet “Scheme for payment of pensions of Defence Pensioners by Public Sector Banks” referred to above.

(v) Payment Advice and scrolls with supporting documents received in the Link Branch from other branches are forwarded to the RBI/SBI or its subsidiary transaction Govt. business for reimbursement. Reserve Bank of India/ State Bank of India or its subsidiary reimburse after requisite checks the Public Sector Bank concerned by debit to Central Govt. Account Defence – Balances – CDA (Pensions)



and forward a copy of the debit advice with the original copy of scroll and certificate received, to the CDA(P) Allahabad for requisite action.

(vi) The various accounts records and registers maintained in the paying branches as well as link branches of the Public Sector Banks are open to audit by the PCDA(P) and the CAG or any person appointed by him on his behalf. Accordingly audit of Defence Pensions in the link branches as well as other branches of Public Sector Banks is undertaken by Civil AG's Office and copies of Inspection Reports issued would be endorsed to DGADS/DDA CC Allahabad for pursuit of the observations with the PCDA (P).

(C&AG No. 740-AOII/25-84 dated 7.7.87 addressed to the Accountant Generals)

(v) The LTARs issued to DPDO located in Nepal will be pursued by the DDA CC Allahabad.

(Authority : vide DG's received under No. 30/A.Coord/154/manual Cell dated 10.11.2003.)

**Books to be consulted during audit of DPDOs.**

1. DAD OM Part IV Volume I and Volume V
2. Pension Payment Instructions.

## CHAPTER- 41

### CANTEEN STORES DEPARTMENT

#### History

**807.** (i) Canteen Services (India) which was taken over in 1942 from the Canteen Contractors syndicate and which was supplying household requirements for troops prior to independence went into voluntary liquidation after independence and in January 1948, the Canteen Stores Department (India) came into existence. The audit of its accounts on commercial lines was conducted by Chartered Accountants and the statutory audit inter-alia covering “efficiency-cum-performance” audit was entrusted to Audit Department, Defence Services.

(ii) As a result of Public Accounts Committee’s recommendations and further deliberations thereon, the following changes were brought into effect from 1.4.1977.

- (a) The funds of CSD(I) were brought within the fold of Consolidated Fund of India.
- (b) CSD(I) was made a department of Ministry Defence and redesignated as Canteen Stores Department.
- (c) Audit of Chartered Accountants was dispensed with, and
- (d) CGDA was designated as the Principal Accounting Officer and the internal audit and accounting function on behalf of CGDA to be carried out by CDA(CSD) Mumbai. (GOI, MOD, New Delhi i.e. HQ No 8(5)77/1352/D(Mov) dt.28th March 1977).
- (e) Govt. of India, Min of Defence in May 1998 implemented the Internal Financial Adviser System in the Canteen Stores Department. Accordingly the CDA(CSD) also the IFA(CSD) will render advice to the GM CSD on financial matters which fall within the competence of the Board of Administration CSD as per their delegated powers.  
(Govt. of India, MOD, New Delhi letter No.2850/DFA(Q)/95 dt. May 1998)

(iii) Though the orders for merger of funds of CSD with Consolidated Fund of India were issued in 1977, actual merger of funds took place with effect from 1.4.1989.

#### Objectives of CSD

**808.** (i) The objectives of the Department are to:

- (a) Provide consumer goods of high quality to the troops wherever they are, at a price cheaper than the prevailing market rates as far as possible.
- (b) Ensure that the level of consumer demand satisfaction is maintained at the maximum.
- (c) Generate reasonable profits to sustain the organisation/permit growth and provide additional facilities for the troops and their families.

- (d) Formulate and execute development programmes to improve and maintain organisational effectiveness.

(ii) The Canteen Stores Department has been made responsible for the procurement of items of prescribed tinned food stuff, hydrogenated oil, tea and cigarettes required for issue to Defence Service (which were being procured by Army Purchase Organisation) from April 1984. Payment relating to procurement thereof (which were made by CDA(CSD)) were made by CDA (Headquarters) New Delhi with effect from 1.4.1988.

### **Organisational set up**

**809.** (i) At the apex level there is a Board of Control Canteen Services (BOCCS) headed by Raksha Mantri to control general expenditure and the financial policy of the CSD, exercise financial powers up to the limit of the Ministry and advise Government on the disposal of profits. The Board is assisted by an Executive Committee. Organisational chart is given in Annexure 'B' of the chapter.

The functions of the Executive Committee are:

- (a) Consider and decide matters beyond the powers of BOA/General Manager.
  - (b) Issue directions/orders on matter within the jurisdiction of the BOA or GM wherein the committee considers it fit to do so.
  - (c) Consider and recommend regular establishment of CSD HQ and its installations for sanction by Government.
  - (d) Consider and decide claims for compensation made by the Unit Run Canteens (URCs) in respect of breakages, shortages and damages where the amount involved at any one time exceeds Rs5000/-.
  - (e) To act as an appellate authority in respect of Group 'C' and 'D' employees in terms of CCS(CCA) Rules 1965 in cases where the penalty has been imposed by GM CSD and to act as a reviewing authority in cases where the penalty has been imposed by the Joint General Manager (Admn.).
  - (f) To review and delegate powers of the BOA/GM where considered necessary, etc.
  - (g) To consider the recommendations of Board of Administration regarding contracts and approve the rates and allocations
- (ii) Generally the Executive Committee meets once in a Quarter or on as required basis at New Delhi or Mumbai and review the functioning of the CSD for the preceding quarter and take decision on the cases put up to them.
  - (iii) Deputy Director General of Canteen Services who is the Chief Canteen Officer of the Canteen Section of the QMG's Branch acts as the Secretary of the Executive Committee.
  - (iv) The composition of the Board of Control (BOC), Executive Committee of the BOC, Chief Canteens Officer and Canteen Section in QMG's Branch and that of the Board of Administration (BOA), their duties and powers

are laid down in the Annexure to GOI, MOD letter No.B/000541/I/Q/CAN/313/S/D(Mov) dt 21st March 1979.

### **Canteen Stores Department**

**810.** (i) The day to day functions of the CSD are carried out by the Board of Administration with the General Manager CSD as its Chairman. CSD has its head office at Mumbai. The function of the Board of Administration is that it is answerable to the BOCCS through the QMG for the following:-

- (a) Introduction and deletion of items on the CSD list.
  - (b) Negotiation of contract for purchase of rum and making recommendations to the Executive Committee.
  - (c) Conduct and manage all business and affairs in which the CSD may be engaged and to do everything necessary or expedient in the management of such business.
- (ii) CSD makes bulk purchases of consumer goods from manufacturers/wholesalers. The sale of these goods is through the retail net work of Unit Run Canteens which are independent of CSD. To manage the wholesale business, CSD has a base depot at Mumbai (mother depot) and a chain of 34 area depots besides its five Regional Offices located all over the country catering to the retail net work of more than 3500 Unit Run Canteens.

### **Management of Funds**

**811.** (i) Though the orders for merger of funds of CSD with consolidated funds were issued in 1977, actual merger of funds took place after the issue of revised accounting procedure from 1.4.1989. The salient features of the revised accounting procedure are as follows:-

- (a) The receipts on account of realization from sales will be kept separate and will not be utilized for meeting any of the items of expenditure relating to CSD.
  - (b) All items of expenditure relating to CSD (Headquarters and Depots) both commercial and otherwise will be met out of Consolidated Fund of India subject to budgetary allocation during the respective years.
- (ii) To meet the above expenditure, funds are provided in the following manner:

#### **(a) Imprest Accounts**

- 1) Funds required for the above expenditure will be made available on a monthly basis by the CDA (CSD) by issue of cheque for the requisite amount with which the imprest Account will be operated with Punjab National Bank/State Bank of India. For this purpose GM CSD will project to CDA(CSD) the requirement of his organisation on a month to month basis within the budgetary allocation.
- 2) To enable the Depot Manager to incur expenditure they will be provided with an imprest. This imprest will be operated by the Depot Manager for making payment of all items of expenditure.

- 3) The GM CSD at Head Office and the Depot Managers of all Depots are authorized a Public Fund Account which is used exclusively for the purpose of depositing of all receipts realized from sales, rents etc.
- 4) The Depot Managers who are authorised a Public Fund Account, will deposit all cheques/cash received on account of sale of stores into this account. This amount deposited into Public Fund Account of the Depots will be transferred under telegraphic transfer arrangements with the Bank on a day to day basis to the Public Fund Account maintained by CSD HQrs. at Mumbai.
- 5) GM CSD will arrange for remittance of the amounts transferred from various stations to his public Fund Account into the Treasury on a day-to-day basis and send the Treasury receipts to CDA (CSD) for adjustment.
- 6) Pension and DCRG will continue to be sanctioned by CDA (Pension) Allahabad. Payment will however, be made by DPDOs/ Treasuries or banks like other Defence Civilians.

**b) Civil Appropriation Accounts**

- 1) The Review-cum-Commercial Accounts of the CSD came to be incorporated in Civil appropriation Accounts with effect from 1.4.77 as an appendix thereto. The practice was discontinued at the instance of Controller General of Accounts with the approval of PAC. However, Secretary, Ministry of Defence (Finance) is responsible for the preparation of appropriation accounts relating to the CSD together with the Commercial Accounts of the Department.
- 2) Appropriation Accounts of CSD(Civil) is prepared by CDA(CSD).
- 3) The appropriation audit is conducted with reference to the principles laid down in Chapter 15 of C&AG MSO(Audit) 2nd edition,2002. It should be seen that expenditure does not exceed the allotments and savings if abnormally high are explained while rendering the certificate.
- 4) A summarized Financial Review of the working of CSD is however included in the Civil Audit Report of DGACR and other cases of interest requiring mention in the audit report are included in the Defence Audit Report.

**(c) Controller of Defence Accounts (CSD)**

- 1) General duties and responsibilities of CDA(CSD) are indicated in Section I of DAD Manual Canteen Stores Department.
- 2) As per the scheme of payment and accounting of CSD, Controller General of Defence Accounts is the Principal Accounting Officer (PAO) for the CSD and for this purpose one Controller of Defence Accounts has been positioned at CSD. CDA is responsible for providing of funds to the CSD, receiving monthly statements of receipts and charges, compiling monthly accounts and submitting them to the concerned authorities.
- 3) CDA provides funds to the General Manager CSD by issue of cheques drawn on the RBI within the budgetary allocation. Unlike other CDAs, payments to suppliers and others are done by Deputy General Manager (Finance and Accounts) of CSD. Internal Audit is conducted by CDA on a post audit basis.

- 4) For this purpose CDA(CSD) will maintain relevant registers and other documents in the same manner as for payment of cash requisitions in a Regional Controllers Office and consistent with the commercial nature of CSD as is done in 'M' section and 'D' Section. General principles and instructions relating to audit brought out at Chapter 2 of Defence Audit Code is followed.
- 5) The procedural instructions regarding custody and verification of cheque books and other related matters as is followed in the DAD are adhered to.
- 6) CDA(CSD) is also a member of the Board of Administration.

**812.** (i) The following are the important documents maintained in CDA's Office.

**(a) Administration Section**

1. Cash Book
2. Service Books
3. Pay Bills/TA Bills etc. in respect of the staff of CDA (CSD) including LAO (CSD).

**(b) Disbursement Section**

The following are the documents maintained by disbursement section of CDA(CSD).

1. Register of cheques
  2. Schedule III and DP Sheets
  3. Register of Specimen Signature of GOs
- (i) Detailed instructions for internal audit of transactions that take place in the head office of CSD at Mumbai are contained in Section II of audit of Manual Canteen Stores Department.

**Concurrent Test Audit of CSD Head Office**

**813.** The Central Test Audit of CSD Head Office is completed in a cycle of one year from 1st October to 30th September of succeeding year as per the approved annual time programme. Audit procedure to be followed in respect of all sections are indicated below:

**(A) Deputy General Manager (Personnel & Administration)**

**(i) Administration Section**

- (a) This Section deals with maintenance of Service Books in respect of all the regular employees of CSD, fixation of pay, pension, gratuity, promotions, postings and other sanctions of administrative nature issued by General Manager.
- (b) The important list of auditable documents are:

1. Service Books
2. Leave accounts
3. Stationery and Postage accounts
4. Pension/DCRG claims
5. Medical claims
6. Sanctions pertaining to appointment, promotion, pay, increment, leave etc.

7. Pay fixation cases
8. Dead Stock Registers
9. Conclusion of Road Transport contracts for transportation of goods from Base Depot to all the area depots throughout India.

(c) Audit checks are similar to those exercised in respect of Administrative/ Pay Section of other PCDA's/CDA's offices in respect of item 1 to 8 above. In respect of items 9 above it should be seen that proper procedure is followed similar to those handling/transportation contracts of a MES unit.

**(ii) Estates and Works Section**

(a) This Section deals with civil works (new as well as repair/maintenance) including furniture for the entire CSD organisation. All major items of works are carried out through MES on deposit work basis. CSD is exempted from levy of departmental charges.

(b) The important auditable documents:

1. Works sanctions
2. Contract agreements for civil works and maintenance
3. Revenue ledgers for recovery of rent and allied charges
4. Register of Building/Furniture etc.

(c) Audit of this section is very similar to that of MES division/formation

**(B) Assistant General Manager (Secretary Section)**

(a) The AGM (Secretary) is directly under the GM and assists him for the conduct of Board of Administration.

(b) The minutes of the meeting of Board of Administration inter-alia contains details of introduction/deletion of items, advances to Unit Run Canteens, proposals for new works etc. Similarly minutes of the meetings of Board of Control as well as those of executive Committee of Board of Control are also received by this section.

(c) An intelligent scrutiny of the minutes of the meeting of the Board of Administration is to be carried out in audit with a view to find out whether CSD has incurred any loss due to selling of items at reduced rates and whether any action has been taken to regularize such loss.

(d) The details of newly introduced items are to be scrutinized and their sales/off take to be watched. In respect of deleted items it is to be seen whether any action had been taken to liquidate the stock/return them to the supplier as per terms and conditions and rise debit notes.

**(C) Procurement of stores**

(a) The stores procured by CSD for issue to troops on payment fall under five broad categories i.e. general stores, liquor stores, bidi, cigarettes and matches, scooter and refrigerators, foreign purchases.

(b) Procurement of stores are done through two sections at CSD HQrs.

**(1) Deputy General Manager (General Stores)**

- A) This section is responsible for placing of orders on the suppliers. Some of the important auditable documents are:
  - I. Consolidated Statement of Indents
  - II. Purchase Orders
  - III. Register of Supply Orders
  - IV. Supplier's Terms Register
  - V. Register of indents
- B) Requirements of depots for items are consolidated in a statement (CSF 42) which is again checked up at HQrs with reference to EDP print out (PRGOs) and orders are placed on the respective firms as per the trade terms already entered into at the time of introduction and any changes made to the terms subsequently. Calling for quotations and accepting the lowest tender do not fit in with the scheme of trade in CSD. Prices are negotiated at the time of introduction and CSD being the largest single buyer the prices are generally lower than the wholesale rates offered by the firms to trade. Purchase Orders are placed at Head Office and in case of certain items by Area Depots direct on the supplier as per the rates, terms and conditions agreed by the Head Office.
- C) Audit will ensure that:
  - I. Random scrutiny of all consolidated statements of indents are carried out to ensure that the requirements are based on realistic estimates.
  - II. Thorough scrutiny of all papers leading to the finalisation of rates, terms and conditions with the suppliers to ensure that the most advantageous rates have been obtained.
  - III. Against each item of finalised rates, terms and conditions of modifications are entered in the Suppliers Term Register.
  - IV. Scrutiny of purchase orders with reference to terms and conditions.

**(2) Deputy General Manager (Liquor Imports and Food)**

- A) This section deals with procurement of liquor imports and food items.
- B) Auditable documents are similar to General Stores Section in addition, contracts for purchase of rum for the entire defence requirement and supply orders for other liquors are also required to be scrutinized in audit.
- C) Audit procedure prescribed for General Stores will also apply to purchase of liquors.
- D) Excise duty returns – All the area/depots send a monthly excise duty return to Head Office which shows details of excise duty payments made in advance and their clearance. These reports should be thoroughly scrutinised to see that excise duty payments



made in advance are not outstanding for an unduly long period of time.

**(D) Deputy General Manager (Finance & Account)**

(i) (a) **Pricing/Costing Section** – This section deals with fixation of selling price (wholesale and retail rates) in respect of newly introduced items as well as revision of price in respect of other items already in the CSD range. The wholesale rate is charged by CSD from URCs and retail rate is charged by URCs from customers. The policy to be adopted for fixation of selling price is laid down in Ministry of Defence letter No.B/60054/Q/CAN/5374/D(Mov) dated 18.10.1977 and CSD HO Letter No. 6/F&A/265/iii/46 dt 5.5.93

(b) Salient features of the pricing policy are as follows:

1. The basis for working out CSDs selling price should be 'Info ware house cost'.
2. gross profit margin is generally 5% in respect of general stores and 10 to 12% in respect of liquors.
3. retail prices will be kept lower than the retail prices in Mumbai

(c) The above points of pricing policy should be borne in mind while conducting the audit.

(d) The following are the important auditable documents in the section:

1. Advice from the purchase Section regarding price revision/fixation.
2. Register of Advices.
3. Price structure forms (CSD 368)
4. Price revision circulars
5. Half yearly price list

**(ii) Claims Section**

(a) Shortages noticed by the Area Depots/Base Depots at the time of receipt of stores either from Railways, transporters or shortage noticed at the time of stocktaking etc. are reflected in the Examination Reports (ERs). A copy of ERs is received in claims section.

(b) This section deals with watching of claims lodged by way of Railway claims and various debit notes raised as recommended by the Board of Officers at Depot level in the Examination Reports. Examination reports are serially machine numbered and issued to each area depots in the form of ER Books.

(c) The following are the important auditable documents in the claims section.

1. Railway claims Registers
2. Files on each of the Railway Claims
3. Examination Reports
4. Write off sanctions and register for such sanctions
5. Shortage/damage register
6. Register for transit losses of liquor.

(d) Audit of railway claims is to be carried out as per procedure followed in units/formations.

- (e) It should be seen in audit that Debit Notes as recommended in the ERs by the Board of Officers are raised properly at the correct rates and there has been no undue delay.

**(iii) Bills Section**

- (a) This section deals with payment of suppliers bills. Copies of all purchase orders placed by CSD HQ and Area Depot are received in this section. Payment at Bills Section is done (1) After the receipt of goods received from concerned Area Depots or (2) against proof of despatch. When the goods are received at the Depots a Goods Received Statement (Form 2) is sent to CSD HQ which shows the quantity ordered and actually received. After receipt of Form 2 at Bills Section the Bills are processed and payment is released. In respect of (2) above, the supplier on despatch of stores submit a bill directly to CSD and 90% payment is released against proof of dispatch. Balance 10% is released after receipt of Form 2 from the concerned depots.
- (b) The following auditable documents are maintained in this section.
  - 1. Purchase Orders
  - 2. Bills Register (CSF -14)
  - 3. Form-2 (goods received) Register
  - 4. Memoranda Ledger (CSF-159)
  - 5. Purchase Journal (CSF -132)
  - 6. Purchase Ledger (CSF -154)
- (c) Usual audit checks will be applied in respect of bills in respect of contractors bill in Store Audit Section of CDA's Office.
- (d) In general it will be seen that:
  - 1. Quantity and rates are in conformity with those given in purchase orders and amendments thereto, if any, issued.
  - 2. Form 2 and Supply Orders are endorsed with "Payments made" details to avoid duplication of payments.
  - 3. Payment made is recorded in purchase ledger and Memoranda ledger and voucher No. is given.
  - 4. In case of advance payments, receipt of Form-2 is watched.
  - 5. Cash discount offered are availed and booked to 'Cash discount' account.

**(iv) Cash and imprest Section**

- (a) 1. Cash Book/Cash Statement: All area depots prepare daily cash statements in duplicate in the prescribed form and original copy will be sent to CSD HQ supported by original vouchers. There are two types of cash statements maintained by area depots viz. main account and imprest Account. These cash statements received at HQ will be checked to see that:
  - A) all entries in the cash statements is in conformity with official Receipt Vouchers. This scrutiny will be carried out with reference to official receipts being linked to cash statements

and not vice-versa. In case of missing serial number of the official receipt the same will be examined in detail.

- B) The payment side of the cash statements received from area depots will be checked with reference to supporting payment vouchers sent by the area depots from vouchers sent by the area depots from vouchers to cash statements and not vice-versa.
  - C) All moneys realised are taken on charge in the cash book immediately and deposited in the Bank latest by the following day.
  - D) The cash statements are balanced daily and signed by the Area Depot Managers and Asstt. General Manager at Head Office.
  - E) The receipts/payments shown in the cash book tallies with Bank Statements and necessary reconciliation statements prepared.
2. The receipt/payment side of the daily cash statement and cash book of HQ will also be audited with reference to procedure laid down in Defence Audit Code/Army Local Audit Manual.

(b) Imprest Accounts

- 1) All Area depots/ Base depots and Admin. Section of Head office are allotted a particular amount as imprest to meet the day-to-day working of the depot based on average expenditure of past 5 to 6 weeks. An imprest register is maintained in CSD HQ which reflects the imprest held by various depots as well as recoupment of the same. Weekly imprest Expenditure Statement (CSF 82) is sent by imprest holders for recoupment. Monthly imprest summary is prepared at HQ and sent to General Ledger section for posting etc.
- 2) Audit procedure followed in respect of audit of imprest account in a CDA's office as provided in DAD OM Part II Volume I will be followed in addition to the system as explained above.
- 3) In general it will be seen that
  - A) Advances to staff are entered in 'Register of advances (CSF 205A), extracts are sent to Pay Section for recovery and recovery watched.
  - B) Expenditure incurred from imprest is authorised and supported by original vouchers and ceiling limit of imprest is maintained.

**(v) General Ledger Section**

This section maintains General Ledger for CSD as a whole in which day to day transactions appearing in cash book, imprest statements, purchase ledger and journals are recorded under different heads of expenditure for ultimate compilation of monthly statement of receipts and expenditure. Some of the important ledgers maintained by General Ledger Section are:

- (a) General Ledgers (a to f)
- (b) Purchase Ledgers (Maintained supplierwise)

- (c) Sales Ledgers
- (d) Purchase Journals
- (e) Register of Capital Assets
- (f) Cash and Bank Statements
- (g) Unit Loan Register etc.

**(vi) Pay Section**

- (a) This section exclusively deals with pay bills and other personal claims like TA/DA, LTC etc.
- (b) The important documents are:
  - 1. Pay bills of officers and others
  - 2. Contingent bills
  - 3. TA/DA advances/adjustment bills and demand registers
  - 4. LTC Bills
  - 5. Payment of medical claims
  - 6. advances to Government servants
- (c) The audit of this section is similar to that of bills/documents with pay section in CDA's office as contained in DAD OM Part II Volume I.

**(vii) Fund section**

- (a) This section exclusively deals with the recovery of subscriptions, grants of advances, refunds, reconciliation etc. in respect of GP Fund. Audit is similar to the audit of Fund Section in CDA's/PCDA's offices as enumerated in para 342 of Defence Audit Code.
- (b) The important documents are:
  - 1. Trial Balance Book
  - 2. Loans/ Advances Register
  - 3. Provident Fund ledger
  - 4. Payment register (final withdrawal fund settlement)

**(E) Deputy General Manager (Management Services)**

- (a) This section is responsible for carrying out market research survey before an item is introduced in CSD, survey for rates when price increase is demanded by the firm etc.
- (b) This section is also responsible for receipt/maintenance of stock sheets, monthly statistical summary and preparation of working sheets for productivity linked bonus.
- (c) In audit it will generally be seen that:
  - 1. Proper marked survey is done and the rates are ascertained from authorised dealers.
  - 2. Stock sheets and sales analysis are audited to find out the slow moving and non-moving stocks.

**(F) Deputy General Manager (EDP)**

In the order to have speedy and accurate provisioning and to optimise sales potential of each depot, Electronic Data Processing System was implemented in CSD(HO) from July 1993. The present system provides generation of monthly demands instead of quarterly demands done earlier.

Indent-cum-Invoices and Monthly Stock Taking Catalogue (MSTC) are two important documents received from Area Depots used in working out the ordering quantity. EDP Branch captures details of items denied and substitutes sales from Indent-cum-Invoices received in weekly batches. At the end of the month, Area Depots take stock of its holding and prepare MSTC, Stock position of each item held and the quantity sold during the month are reflected in MSTC. Based on details of assets and offtake, EDP Branch generates Provision Review to Guide Orders (PRGO) for each month by 25th of the following month. It gives details of stock position on first day of current month, sale during the previous month, average offtake, dues in etc. Specimen of PRGO is placed at Appdx 'K' of the CSD Stores Manual (1998 Edn). Based on review/scrutiny by the Stores branch and PRGO committee, EDP branch prints Purchase Order incorporating details of quantity ordered, rates, element of tax and discount, value of order, delivery schedule, type of dispatch, terms and conditions of supply and depot wise allocation.

### **Preparation of Budget of the CSD**

**814.** CSD projects their Budget requirement to QMG's Branch and Secretary, Ministry of Defence (Finance) is responsible for the preparation of the Budget of CSD. He is responsible for distribution of Budget allotments to the CSD and for ensuring adequate control of expenditure consistent with the need of commercial department.

### **Receipt and Expenditure Account**

**815.** A monthly statement of receipts and disbursements will be prepared by CSD and submitted to CDA in the form prescribed by CGDA by the 10th of the following month. These statements are checked with reference to relevant cash statement and ledgers.

### **Annual Accounts of CSD**

**816.** (i) Soon after closing of the financial accounts for the year, Annual Accounts with concerned statements are prepared by CSD and submitted to CDA(CSD) for further action. The Annual Accounts are checked and submitted to CGDA for signature. Annual Accounts consist of:

- (a) Trading Account
- (b) Profit and Loss Account
- (c) Profit and Loss Appropriation Account
- (d) Balance Sheet and connected schedules

Each figure in the accounts is supported by Schedule which are extracted from the ledger. Each figure is juxtaposed with the corresponding figure of the immediately preceding year.

(ii) Annual Accounts are only proforma accounts to reflect the working results of the Organisation of CSD. The actual accounts are the Government Accounts compiled to different code heads. While the Government accounts are on 'actual basis', Annual Accounts are on 'accrual basis'. Thus the two accounts will not agree. Hence the drawing up of Annual Accounts will be complete only after CSD reconciles them with compiled actuals. The reconciliation statements are attached to the Annual Accounts.

(iii) Certification of annual Accounts is done by Director General of Audit, Defence Services. Specimen of certificate is given in Para 52(ii) of Appendix xi of Part B&C of office manual.

### **Audit of Annual Accounts**

**817.** (i) A critical review of the Annual Accounts of the Organisation from PCE Angle is conducted in test audit every year on the lines directed by C&AG of India and DGADS and the Critical Review report along with Audit copies of Annual Accounts including reconciliation statement is forwarded by the Command Officer (DADS, SC, Pune) to the DGADS for his certification.

(ii) The accuracy of the figures given in the Annual Accounts is checked with reference to schedules attached to the Balance Sheet. These schedules are supported by sub schedules which are drawn from the relevant ledgers/registers. These sub schedules have to be called for in audit alongwith relevant ledgers.

(iii) Some of the important items which require close scrutiny are as follows:-

#### **(a) Trading Account**

##### **1. Purchases**

Purchases include domestic and imported sports items. Purchases should be compared with purchases made during the previous year and increase in sales. Undue increase in purchase without consequent increase in sales would lead to increase in closing stock thereby blocking up of Government Funds.

##### **2. Direct Charges**

**A) State Excise Duty:** State Excise Duty is paid for purchase of liquors from various distilleries. The amount paid on account of Excise duty is shown separately in the Trading Account. It is to be seen in test audit that payment made in advance to the Excise authorities are not being blocked up for long period of time due to failure of distilleries to supply the liquors before due date. Each depot send a monthly excise duty return to CSD HQ to reflect the extent of outstanding excise duty payments.

##### **B) Freight charges**

The relation between the freight charges and total value of purchases and sales is made to ascertain that freight charges are not unduly high. A comparison should also be made in audit that the element of freight charges being loaded by the CSD in their pricing structure and the total collections thus made during the year compares well with the freight charges incurred and the Department neither unduly over charge the troops nor incur loss.

**C) Other heads of expenditure** that find a place in Trading Account are 1) clearing charges, ii) Packing and forwarding charges, Octroi, Central Sales Tax etc., Comparison of expenditure with total value of sales and purchases in respect of all the heads of accounts should be made in order to find out that the expenditure incurred is not abnormally high or unusually low and any wide deviations should be examined in detail.

##### **D) Quantitative Discount**

The discount is being paid to the URCs in the form of an incentive at certain percentage authorised by separate Government sanction issued from time to time on volume of purchases made by the URCs in the previous year.

## **E) Closing Stock**

- I. Closing stock of the department consist of the following:
  - Stock in warehouses
  - Stock in transit from warehouse to warehouse
  - Stock in transit from suppliers.
  - Stock of assembled stores not lifted by URCs.
- II. Stock in warehouses and stock in transit from warehouse to warehouse are valued at cost price to arrive at the estimated value of closing stock.
- III. Stock in Transit from suppliers are valued at invoice price.
- IV. A detailed study of the closing stock should be made to ensure that:
  - there are no unwanted purchases
  - the stocks are valued correctly
  - expeditions action has been taken to dispose of slow moving items and non-moving items
- V. The closing stock is to be checked with reference to monthly stock catalogues sent by all the Depots to the CSD Head office.
- VI. In order to identify the slow moving and non-moving items, the monthly EDP print outs viz. PRGO (Provisioning Review to Guide Orders) should be called for. This PRGO reflects the all India stock position of each depots in respect of each items, their sales, demands, goods in transit etc. An analysis of the preceding three months sales with reference to stock position as on 31st March would reveal the slow moving and non-moving items and reasons for purchase of such items should be examined in audit.
- VII. The valuation of closing stock should also be test checked to see that the totals (both in terms of quantity as well as value) are in order.

### **(b) Profit and Loss Account**

1. Each item of overhead expenses should be examined and significant increase/decrease as compared to the corresponding previous year should be analysed to ascertain the reasons for the same. Interest on mean capital is charged to Profit and Loss account and corresponding amount is also credited to the P&L Account as a “Grant-in-aid” from the Government. Actual expenditure on account of pay and allowances etc. in respect of the office of CDA(CSD) in conducting the audit of CSD is charged to the profit and loss account as Audit free.
2. Net Profit:- This is influenced by the various items of expenditure preceding it as well as some of the receipts like rebate, cash discount etc. received from suppliers, interest received etc. An analysis should be made of all these factors and the extent of their influence on the quantum of net profit.

### **(c) Profit and Loss Appropriation Account**

1. The profit and loss appropriation account shows the amount of net profit available for disposal during the year. Provisions made in the earlier years which are no longer required appear on the credit side. Expenditure pertaining to the previous years, provisions made less quantitative discount etc. appear on the debit side.

2. The net profits transferred to Balance sheet is to be analysed to ascertain the percentage of increase/decrease and the reasons therefore. The fact whether the profit is proportional to the turnover and how much of the profit really relates to the year of trading, is not abnormal due to any peculiar reason such as increase in the selling price or due to write back of any previous year's income/ expenditure/ provisions to be examined in audit.

**(d) Balance Sheet**

1. Each one of the items in the Balance Sheet is supported by a schedule.
2. A study should be made to ascertain:
  - A. Reasons for increase/decrease in reserves.
  - B. How the capital comprising funds and reserves, distributable surplus etc. are utilised in business such as investments, loans to URCs advances, working capital etc.
  - C. Whether liabilities (Sundry Creditors account) provided in the Balance Sheet supported by relevant schedules are correct. Reasons for abnormal increase in sales, non-clearance of liabilities pertaining to the previous years are to be examined in detail.
  - D. Sundry Debtors account are properly drawn and supported by relevant schedules. Reasons for non-recovery of outstanding dues from suppliers, staff etc. are to be examined. Sub Schedules pertaining to purchase ledgers balances should be called for an examined in depth to ascertain the reasons for non-recovery of dues. Relevant case files should also be examined which are maintained supplier wise.

**Audit of Accounts of Base Depot and Area Depots**

**818.** General principles of local audit of cash and store account carried out by Defence Accounts Department are contained in Section III of audit Manual Canteen Stores Department.

**(i) Base Depot**

The important functions of Base Depot are as follows:-

1. To receive goods direct from suppliers against orders placed by CSD HO and dispatch the requirements of Area Depots every month based on their indents pruned by Head Office.
  2. To clear all imported goods from the Docks and distribute them to various CSD Depots as instructed by Head Office.
- (b) The goods are dispatched either through Railways by MC Notes or through road Transport by trucks. Contracts for Road Transport from Base Depot to all the area depots are concluded by GM CSD by calling for tender.
- (c) It should be ensured in audit that:
1. On receipt of goods from suppliers they are taken on charge immediately in the stock ledgers and Form-2 are sent to Head Office along with the required certificate.
  2. Any discrepancy noticed while taking delivery of goods, shortage/damage is assessed by the Board of officers and entered in the Examination



Reports and proper claims are lodged either on transporters/Railways or the suppliers and pursued to its finality.

3. On despatch of goods to various area depots Transfer Invoice in sixuplicate is prepared and sent to the concerned agencies and stock ledgers are charged off to the exact extent.
4. If any discrepancy is noticed on receipt of consignment by the Area Depots from the Base Depots, necessary stock adjustment statement from the concerned area depot are received and stocks are adjusted accordingly after doing the necessary formalities.
5. Proper supervision is done on loading of stores to various depots and trucks are loaded to the full capacity as per the conditions of the transportation contract.

### **(ii) Area Depots**

Area Depots of CSD are located all over the country and caters to the requirement of consumer items including liquors of all the URCs of all the three services of Defence Forces and Para Military Forces.

#### **(a) Functions of Area Depots**

The main functions of Area Depots are:

1. To receive and store liquors and stores in bulk from suppliers direct or from the Base Depot as per demands submitted/allotments made by HO.
2. To receive and execute the indents for canteen stores and liquor from dependent URCs regularly every month, adequately and promptly.
3. Account for the stores and liquor handled by the depot.
4. Process indents received for AFD items and placed orders accordingly to meet the requirement of indentors.

**819.** The main auditable documents maintained by Base/Area Depots are as follows:-

1. Transfer Invoice (CSF-81)
2. Form-2-Goods Received Statement
3. Return Form-2
4. Examination Report (CSF 285)
5. Register of Examination Reports
6. Stores Adjustment Statemnt
7. Summary of Invoices (Form 5) (CSF 410)
8. Weekly sales summary
9. Railway Insured Register
10. Indent-cum-Invoice (CSF 354)
11. Reconciliation Statement between weekly sales summary and summary of Invoices (CSF409)
12. Customer's ledger
13. Statement of customers ledger
14. Daily cash statement
15. Dead Stock Register
16. Imprest Statement
17. Bank Statement
18. Sales Tax/Excise Duty Register

19. Octroi Exemption Certificates Register
20. Car Diary/Log Book
21. FOL Register
22. MC Notes
23. Register of valuable documents
24. Stock Taking price list Book
25. Register for receipt and disposal of Official Receipts
26. Official Receipts
27. Debit/credit Note Books
28. Unpriced Invoice Books
29. Stock Ledgers
30. Revenue Ledger – showing details of allotment of quarters, recovery details of rent and allied charges.

### **Receipt of Stores**

**820.**(i) when stores are received either direct from Suppliers or from Base Depot and other Area Depots Form 2 (Goods received statement) is prepared in sextuplicate. In respect of items received from Base/Area Depots Form 2 are distributed as follows:-

- 1st three copies – Consignee Depot
- 4th copy – Consignor Depot
- 5th & 6th copy – Consignor Depot LAO

- (ii) In respect of items received from suppliers the following distribution of Form 2 are made

- 1st copy – CSD HO
- 2nd copy – Bills Section of Depot
- 3rd copy – Depot copy for posting in stock ledger
- 4th & 5th copies – LAO of the Depot
- 6th copy – Book copy of the depot

- (iii) If there are any discrepancy in stores received either from supplier with reference to their invoices or from Base/Area Depots with reference to their Transfer Invoices the following checks will be exercised:

- (a) Examination Reports have been prepared for shortage and proper claims have been lodged for the short receipt.
- (b) Actual goods received has been taken on charge as per Transfer Invoice/Suppliers Bills at the first instance and thereafter to bring in line with physical quantity with book balances taking into account the balances.
- (c) Follow up action of all Examination Reports has been taken by the concerned depot including receipt of store-adjustment statement from Base/Area Depots.
- (d) Discrepancy noticed at the time of periodical survey has either been made good or written off under the orders of competent authority.
- (e) A copy of unpriced invoice in respect of goods returned to suppliers by the depot has been correctly prepared and recovery is watched.

- (iv) Area Managers are to ensure that debit notes are raised for penalty on late deliveries/quality claims and a copy of the same is invariably attached with the bill alongwith the BFA dispatched to CSD(HO). A certificate to this effect that debit notes have been raised in respect of all the required cases is also to be submitted to HO through the respective Regional Mangers. Compliance of the instructions issued by HO to all Depots to be ensured in Audit.
- (v) The reasons for issue of credit notes to suppliers needs to be examined as issue of the same relating to excess stock received is not in order. Further the rate at which the credit notes are raised also needs to be examined in detail, as these are to be raised on procurement rate only.

### **Salvage stores**

**821.** (i) The Depot Managers are vested with certain financial powers to local purchase of stores and to write off losses. The extent to which these powers are properly/judiciously exercised by them requires to be scrutinised.

(ii) Items found damaged/deteriorated in condition are classified as fit for salvage and are reflected as such in ERs. It is to be seen in audit that such items are disposed of to the best advantage, charged off from the ledger and the amount realised is credited to the depot account. In case the salvaged goods are destroyed, a certificate to that effect is recorded by the Manager.

### **Issue of stores**

**822.** It will be ensured in audit during a general scrutiny of invoices that:

- (i) Goods are sold to entitled URCs.
- (ii) Amount has been realised before lifting of stores by URCs.
- (iii) Realised amount has been deposited properly in the Main account of the depot at the Bank.
- (iv) Quantity of goods charged off in the ledger account conforms to that shown in the invoices.
- (v) Rates have been properly charged and agrees with those given in the circulars list and arithmetical accuracy is verified.
- (vi) Liquor indents placed by URC to be scrutinised to ensure that certificate of Sub Area/ Brigade HQrs/Admn Commandants are enclosed indicating that the demands placed by the Unit in question have been verified and is correctly based on the strength of the entitled personnel. This is to ensure that there are no cases of over issue of liquor to URCs.
- (vii) Compliance of instructions laid down in Appendix AJ of CSD Stores Manual 1998 Edn. to be seen regarding Provisioning, stocking and issue of perishable stores by CSD.

### **Customers ledger**

**823.** Each URCs dependent on the depot has been allotted a separate page in the customer ledger. It is to be seen in audit that:

- (i) The URC has been debited in the ledger as per the amount shown in the Invoices.

- (ii) On realisation of the amount, the URC account has been credited as per the official receipt.
- (iii) Receipt Book operated by the depot concerned is controlled.
- (iv) Quantative Discount (QD) paid to the URC is credited in their account and QD is worked out properly on their past years purchases (excluding ineligible items of stores).
- (v) Correctness of reimbursement of transport charges to URCs (wherever applicable)
- (vi) The URCs are extended temporary credit facilities during a particular period as per instructions issued to the depots by CSD(HO) from time to time. The compliance of these instructions with respect to conditions laid down to avail the facility.

### **Stock Taking**

**824.** It will be ensured in audit that:

- (i) System of stock taking adopted is adequate and proper.
- (ii) Stock verification has been carried out as per the standing orders of CSD HO and discrepancy noticed during stock verification are properly investigated and surplus found have been taken on charge and deficiencies are dealt with under the orders of CFA.
- (iii) The Depots prepare monthly reports regarding slow/non moving of stores. Period since when the stores are lying, reasons for such holding and lapses if any with reference to provisioning of such stores of high value.

### **Transportation Accounts**

**825.** Audit procedure laid down in ALAM is to be followed in the above cases.

### **Cash Section**

**826.(i)** All the Depots maintain two accounts a) Main account b) Imprest Account. All the receipt from sale of stores etc. are deposited in the Main account and no amount is to be withdrawn from this account. All items of expenditure are met from Imprest account with the budgetary allotment made by Head office.

(ii) It will be ensured in audit that:

- (a) Amounts realised through official receipts are deposited with the Bank promptly and shown in the daily cash statement.
- (b) Daily cash statement, weekly imprest account are rendered to CSD HO with all supporting vouchers in original.
- (c) Bank statements are received from the Bank and necessary reconciliation statement is made and discrepancy if any, noticed are taken up with bankers for prompt settlement.
- (d) As per RBI instructions, the Banks are required to pay penal interest on delayed collection/credit of funds. Orders in this connection may be referred to in the Depots.

## **Other Payments**

**827.** (i) It will be ensured in audit that payments such as Sales Tax, Octroi, Excise duty are made in accordance with relevant orders.

(ii) It should also be ensured in audit that Octroi Exemption Certificate issued to distilleries and others are properly accounted and deliveries have been received against them.

(iii) Monthly Excise duty returns rendered by the depot to Head Office should be scrutinised to ensure that excise duty deposits made in advance are not outstanding for a long time. Failure on the part of distilleries to supply liquor against import permit sent to them should be examined in detail. As Excise duty is paid in advance for obtaining permit from the Excise authorities and against this, orders placed on distilleries for the supply of liquor by Depots, ED deposits awaiting adjustment for more than six months to be seen for any specific lapse by Depot Managers in taking timely action.

(iv) The Depot Managers are required to certify the bills from Suppliers in all aspects before sending them for payment to HO under BFAs within forty eight hours of receipt of the bill. A certificate to the effect that all bills received during the month have been sent to HO duly certified is also be sent by 15th of the succeeding month. Inordinate delay in transmission of bills to HO, financial repercussion on this account etc.

(v) Local payment of AFD II category items by Depot Managers have been stopped w.e.f. June 97. Any deviation in this regard to be looked into for comments.

(vi) In addition, guidelines mentioned in Annexure 'A' to this chapter may also be looked into.

## **Audit of Deputy Director General of Canteen Services**

**828.** Audit of D.D.G.S. is conducted by DGADS office. The minutes of annual meeting of BOCCS and quarterly meetings of the Executive Committee should be seen for selection of matters for further examination with reference to papers relevant to the matter selected. While conducting the Audit of D.D.G.S., CSD (Head Office) and the CSD Depots, the Stores Manual of CSD (1998 Edn) may be referred to which provides necessary guidelines for functioning of the Depots and Stores Branches of the Head Office. Latest orders, policy circulars and Govt. directives issued from time to time may also be referred to.

## ANNEXURE ' A '

### Glossary

#### 1. Slow/Non-moving Stores

A critical evaluation regarding the slow/non moving of stores based on the Depot's monthly reports may be carried out bringing out the period since when such stores are lying in the depots alongwith reasons for such holding with the depots and pinpoint specific lapses, if any, with reference to provisioning of such stores of sufficient value.

#### 2. Local Purchase and write off of Losses

The Depot managers are also vested with certain financial powers to local purchase and to write off stores. The extent to which these powers are properly/ judiciously exercised by them may be closely scrutinised as this can be seen only at the Depots.

#### 3. Payment of penal interest on delayed credit of cheques

As per RBI circular No. 16/42.01.011/2002-03 dated 6.7.02 interest on delayed collection of funds is to be charged at 8.50%. In this connection RAC Mumbai letter No. 51/C/SE-3/CSD/2001-03 dated 15.4.02 may also be referred to.

#### 4. Payment of Bills-Certification by Depot Managers

The depot Managers are required to certify the bills from suppliers in all aspects before sending them for payment to Head Office under BF As within forty eight hours of receipt of the bill. A certificate to the effect that all bills received during the month have been sent to HO duly certified is also to be sent by 15th of the succeeding month vide (A/c circular No. 9/2000/Encl. II). As bills pertaining to earlier years are stated to be pending with Depots as seen from the Annual Accounts and the report received from the depot. (St. No. 12 forwarded by depots to HO along with Annual Stock taking Report). This aspect needs in depth examination to ascertain the reasons for such inordinate delay in transmission of bills to HO, financial repercussion if any on this account etc.

**5. Credit Notes:** - The reasons for issue of credit notes to suppliers needs to be examined as issue of the same relating to excess stocks received is not in order. Further the rate at which the credit notes are raised also needs to be examined in detail as these are to be raised on procurement rate only vide *Alcs* circular No. 6/97 to ensure actual compliance of the instructions by the Depots.

#### 6. Delay in raising debit notes for late delivery of goods

Area Managers are to ensure that debit notes are raised for penalty on late deliveries and a copy of the same is invariably attached with the bill along with the BFA despatched to HO. A certificate to this effect that debit notes have been raised in respect of all the. required cases is also to be submitted to Head Office through the respective Regional Managers vide A/c circular No. 4/2001) Compliance of the instructions may be watched during audit of depots. In this connection A/c circular No. 4/2002, forwarded vide RAC Mumbai letter No. 486/A-I/CSD/A/c Circular/2002-03 dated 23.9.2002 may also be referred to.

#### **7. Payment of Bills - AFD-II category**

Local payments of AFD II category items by depot Managers have been stopped w.e.f. from June 97 vide circular No.09/97. Any deviation in this regard may be observed during Audit/ taken up with Depot Authorities.

#### **8. Blockage of Govt. Funds on account of Deposit with Excise Authorities.**

Excise Duty Deposits awaiting adjustments for more than six months may be looked into to identify any specific lapses on the part of Depot managers to take timely Action.

#### **9. Provisioning, stocking and issue of perishable stores by CSD**

Compliance of the instructions laid down in Appendix' AJ' of CSD Stores Manual on the above subject may be watched during Audit of Depots.

#### **10. Scrutiny of Liquor indents**

As per Para 11 of AHQ letter dated 1 Sep 1962, Sub Areal Brigade Hqrs./Admn Commandants will forward a certificate of CSD Depot that the demands placed by the Unit in question have been verified and are correctly based on the strength of the entitled personnel. Receipt of such certificate is to be watched so as to ensure that there are no cases of over issue of liquor to URCs.

#### **11. Temporary Credit facilities to Unit Run Canteens**

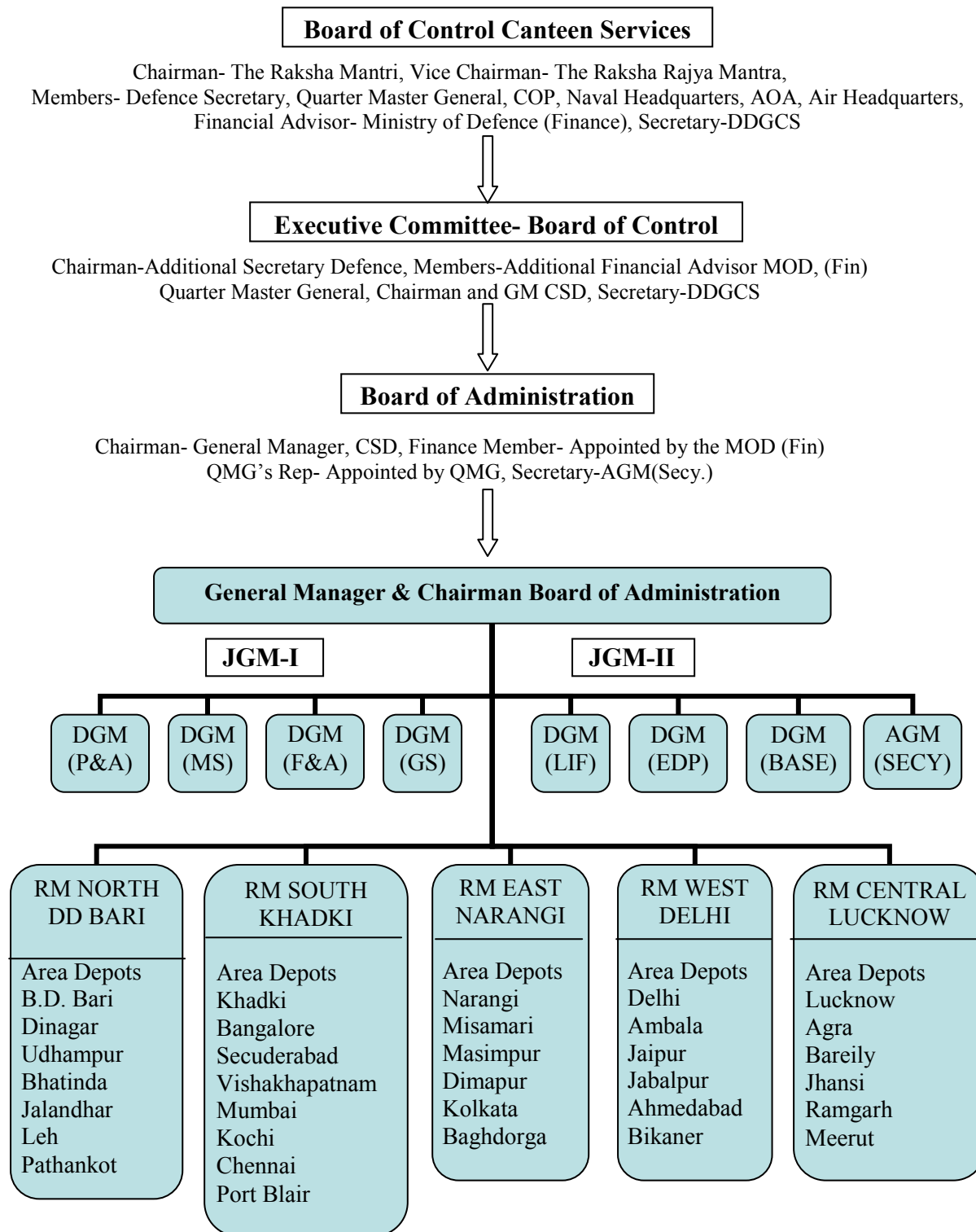
Compliance of the instructions contained in CSD HO No. 6/SL/42/TCFNLII/115 dated 8th July 02 on the above mentioned subject may be watched during Audit and interesting points coming to notice may be taken up with Depots.

#### **12. Reimbursement of freight charges to URCs.**

Compliance of instructions laid down in Accounts circular No. 13/2000 for calculation of freight charges paid to the URCs may be verified to ensure correctness of the same and interesting points noticed, if any, may be taken up with Depot Authorities.

**ANNEXURE 'B'**  
[Reference to in Para 809 (i)]

**ORGANIZATIONAL STRUCTURE OF  
CANTEEN STORES DEPARTMENT**





**CHAPTER- 42**  
**BORDER ROADS ORGANISATION**

**Section – I**  
**Organisation and functions**

**General**

**829** (i) A Border Roads Development Board was set up in the Ministry of Road Transport & Highway, Govt. of India, for work connected with the development of the Border Roads in the North and North Eastern Border areas and connecting the road system with the plains. The Defence State Minister is the Chairman of the Border Roads Development Board (BRDB). The other members of the Board are nominated by the Defence State Minister from time to time. Financial Adviser (Defence) is the financial Adviser to the Board. The Board exercise financial powers of a Department of the Government of India with ex-officio status in the Ministry of Road Transport & Highways and functions as a separate self contained organisation. The functions of the Board are detailed in para 4, Border Roads Regulations (1993 Reprint). The budget of the border Roads Organisation form part of the grants of the Ministry of Surface Road Transport & Highway. The administrative control is placed in the Ministry of Defence sanctions of the Board are issued by the Secretariat of Board. The Secretary of the Board exercises administrative powers of a Joint Secretary to the Government of India in all matters including those of the staff of the Board and Directorate General Border Roads. Formal sanctions relating to the organisation on behalf of the Ministry of Road Transport & Highways are also issued by the Secretary, BRDB. The works services are executed by the Border Roads Organisation headed by a Director General functioning under the Administrative control of the BRDB.

(ii) The Directorate General of Border Roads headed by a Lt.General functions with headquarters at New Delhi and the organisation has its own Engineering Service called the General Reserve Engineer Force (GREF), recruitment to which is made by the UPSC along with the other Engineer Services. GREF is a departmental civilian agency organised on Army lines. Execution of works is based on the pattern adopted by MES and stores organisation is evolved as on the Defence side. Projects executed are headed by Chief Engineers and are manned by GREF officers as well as service officers. A GREF Centre is located at Pune and a PAO (GREF) functions there. Border Roads Organisation have their own Records office, Base Depots, Base Workshops and dispensaries.

(iii) Chief Engineers (Projects) are responsible for planning, construction and maintenance of roads/ bridges falling in their jurisdiction. Major projects have two or more Task Forces under them headed by Superintending Engineers or Service Officers of corresponding ranks (Col. / Lt. Col.). Task Forces comprise of Road Construction Companies (RCC) Bridge Construction Companies (BCC) for particular road(s)/ bridges which are commanded by Executive Engineers/ Service Officers (Major) Pioneer Companies Engineer Stores & Supply Companies and Road maintenance Platoons working either under Task Force Commander or under RCC. RCC/BCC are responsible for the execution of the works services. The equivalent

rank of civilian officers and staff employed in the GREF and regular Army are indicated in Annexure VI to Border Road Regulations. Works Services are mostly undertaken departmentally except in the case of handling and conveyance of stores and specialised items like construction of major permanent bridges which are executed through contracts as well. Provision also exists in the Border Roads Regulations to have the work executed through CPWD/ State PWD.

(iv) Labour Force required for execution of works by BRO is obtained through Pioneer Companies and are called Pioneers. Pioneers employed are Governed by provisions of the Army Act and are entitled to all concessions available to troops. Casual labour required to supplement Pioneers for employment on road works are recruited locally as and when required.

### **Budget and accounting**

**830** (i) Based on Administrative Approvals accorded by BRDB and technical sanctions issued by Engineering Authorities viz. DGBR/CE Project, detailed estimates for original works as well as maintenance services are prepared by Chief Engineer. The estimates for works services, pay & allowance, equipments, spares and other stores duly scrutinised by DGBR are submitted to BRDB. The budget of the BRO processed by the Secretary BRDB in consultation with the Financial Adviser and approved by the Chairman is provided for in the grants of Ministry of Transport & Highway under Major Revenue and Capital head of accounts. Although the Budget of the BRO is part of the budget of the Ministry of Road Transport & Highway the administrative controls vest in the Ministry of Defence. While upto 1.4.89, the initial expenditure of the organisation was met out of the Defence balances and reimbursement claimed from the PAO concerned, from 1.4.89, the expenditure relating to Border Roads Work is booked directly to the head of accounts of the Ministry of Road Transport & Highway by the paying authorities i.e. CDA/AO.

(ii) After approval of budget, funds are placed at the disposal of Chief Engineers/ Task Forces/ Workshops etc. Funds relating to procurement of Categories 'A' stores are controlled centrally by DGBR.

(iii) Except in the case of major works jobwise allocation is made by the Task Force Commander.

### **Nature of Construction and maintenance of Roads and Bridge undertaken.**

**831. (i)** (a) The types of roads constructed by BRO are:

- |  |   |
|--|---|
| 1. Mule track  | (4ft. wide)                                 |
| 2. Class 3 Jonga                                     | (8 ft. wide)                                |
| 3. Class 5   | (10 ft. wide)                               |
| 4. Class 9   | (20 ft. wide)                               |
| 5. Construction and maintenance of National Highways | (to national standards as laid down by IRC) |

Roads at 1 to 4 are called General Staff Roads

(b) Equipment bridges vary from class 9 to class 40. These are constructed depending on the span and type of bridge required. Equipment bridges i.e. Bailey bridges are generally of class 18 (to provide for a laden weight 18 tons to pass over the bridge). General Staff Roads and national highways are required to be provided

with permanent bridges viz. single lane class 70/double lane class 40 whichever gives higher stresses.

(c) Bridges are classified as major or minor depending on whether the span is above 30 metres or less than 30 metres. Bridges with span less than 6 metres are termed as culverts.

(d) The work on the construction of roads is executed in stage as indicated below:

Stage A – Recce, Survey and trace cutting

Stage B – Formation cutting to final width and protection works

Stage C - Surfacing

(e) Approximate Estimate (AE) for Recce, Survey and Trace cutting as well as formation cutting to final width will be submitted by the Chief Engineer. The AE will be based on the cost of each kilometre, having regard to the actual terrain and nature of the road. In cases where it is not possible for the Chief Engineer to submit the AE, adhoc sanction will be issued at a flat rate of Rs 3,00,000/- per Kilometre for the first fifteen Kilometres to enable the work to commence pending issue of Admin. Approval/ expenditure sanction. Adhoc sanction issued would be taken into account in the Admin. Approval/ Expenditure sanction that may be subsequently issued for the stage. Separate estimates will be prepared in respect of surfacing works and permanent bridges.

## **(ii) Maintenance**

(a) Maintenance Services cover (1) Maintenance of buildings, furniture and installation (2) clearance of slips caused by rain and other natural factors but not due to rock blasting (3) normal maintenance including periodical repairs of road, surface, culverts, bridges drainage to keep roads traffic worthy, (4) clearance of ruts and other repairs to commission, making temporary diversion on account of land slides to enable traffic to pass, snow clearance to keep roads open to traffic and maintenance of milestones, road signs boundary pillars.

(b) Two scales of maintenance, one based on machine (Scale I) and the other based mainly on manpower (Scale II) are adopted in the Border Roads Organisation. The scales are based on the assumption that maximum period for which roads would not be available for use would be 7 days at a time for scale I and 21 days at a time for Scale II and accepted to suit the requirements of General Staff, the basic objective being that frequency and duration of stoppage of traffic should be kept to the minimum. The present maintenance scales of road per Km per year fixed by BRDB is as for Maint Scale- I Rs 38700/- KM/Year and Scale II Rs 31400/- KM/Year and N.H. Scale-I Rs 61900/- KM/Year and N.H. Scale – II Rs 47200/- KM/Year.

## **(c) Black Topping**

Normally for maintenance of road, black topping with depth of 2 cm or 2.5 cm is done depending on rainfall and traffic intensity on the road.

## **Organisation set up of DGBR and formations subordinate thereof**

### **Director General of Border Roads**

**832.** The Director General Border Roads, New Delhi is responsible for the execution of works connected with the development of Border Roads which are

approved by the board from time to time and maintenance thereof and acts as Technical Adviser to the Board. He exercises control over the GREF through Chief Engineers functioning in specified areas. In addition to the Additional Director General, there are six Directorates in the DGBR, each headed by a Deputy Director General viz. Technical Planning, Technical Administration, Bridging, Works Project, Medical and Personnel Vigilance.

(i) (a) The Directorate of Technical Planning comprises of the following sections:-

1. Coordination
2. E-2 Planning
3. E-2 Works
4. E-2 Resources
5. E-5 Budget
6. Work Study

(b) These sections are mainly responsible for:-

1. Framing of work plan and fixing targets for works projects;
2. Study of recce report of projects;
3. Preparation of all drawings, plans and charts through Drawing Section;
4. Processing cases with AHQ and E-in-C's Branch regarding projection of GS works and also operational works;
5. Watching and monitoring progress reports, inspection reports, technical sanction, completion reports – Parts 'A' and 'B', deviation statements;
6. Preparation of Budget Estimates and Revised Estimates;
7. Allotment of funds including re-appropriation;
8. Watching Monthly Expenditure Return, Sub-Audit Officer's account;
9. According Administrative Approval for manpower resources (non-static units) and machinery;
10. allocation of resources including output of workshops;
11. Assessment of potential and input of works;
12. Monitoring scrutinising and progressing various works from the state of Technical Cost Appreciation (TCA)/ preparation of AEs till inclusion in BRDB programme.

(ii) (a) The Directorate of Technical Administration Comprises of the following sections:

1. TA Coord
2. E-3 (ES)
3. E-3 (Q)
4. E-3 (Ord)
5. E-4 (Tech)
6. E-4 (Repair)
7. E-4 (Invent)

(b) These sections deal with the following:

1. General administration and establishment of the Directorate;

2. Issue of policy letters on technical matters where different sections of the Directorate are involved;
3. Scrutiny of Budget of the Directorate;
4. Procurement of stores and monitoring short supply of stores, lime cement, steel, bitumen etc.;
5. Liaison with BRDB, Ministry of Defence (Finance) (B/R), DGS&D, DGTD, Cement Controller IDL, EBC, IBDP, FPC for approval of annual requirement of indent, submission of indent to DGS&D for conclusion of AT and arranging import of category 'B' stores.
6. Procurement of vehicle, plant and equipment including Bailey Bridge equipment.
7. Progress on indent placed on DGS&D/DGTD and other agencies for/ procurement of new vehicles & equipment;
8. Ensure proper budget utilisation;
9. Provision of ordnance stores for GREF personnel;
10. Policy of inventory management of spare parts and its review;
11. Preparation of budget estimates and revised estimates for procurement of spare parts;
12. Maintenance of statistics on local purchase of spare parts by projects. Base Workshops and store division.
13. Progressing all firm indents in respect of spare parts pertaining to all makes and types of vehicles/ equipments;
14. Calculation of usage rates in respect of all vehicles/ equipments;
15. Defect investigation, finalisation of defect reports and down – gradation of equipment;
16. laying down equipment life, investigation of premature failure and suggesting remedial measures;
17. Policy on overhaul and repair of vehicles and equipment by Base Workshops/ Field Workshops.

**(iii) Bridging Directorate**

This Directorate and E8 section under this Directorate are responsible for the following:

- (a) study of site data and selection of site;
- (b) Preparing scheme for sub-soil investigation and studying its report;
- (c) Preparation of Technical specification and drawing and finalisation of design parameters and bridge scheme for issue of tender;
- (d) monitoring progress of construction, checking of detailed design calculation and analysing of all drawings before approval;
- (e) preparation/invitation and scrutiny of tenders on behalf of Chief Engineers for major bridges and other specialist work;
- (f) advising Chief Engineers on contract and arbitration matters and legal and court cases pertaining to contract.

**(iv) Works Project Directorate**

(a) This Directorate comprises of the following sections;

1. Estimating- I
2. Estimating - II

### 3. Estimating - III

(b) These sections are responsible for:

1. dealing with various works from the stage of Technical Cost Appreciation (TCA) till its inclusion in the BRDB Programme.
2. monitoring scrutinising and progressing of TCA and AEs and recording thereof in the Registers.

(v) Medical Directorate deals with the functioning of Medical and Surgical units of Border Roads Organisation.

(vi) Personnel & Vigilance Directorate deals with Personnel administration and investigation of cases referred to vigilance.

#### **Chief Engineers**

**833.** The Chief Engineer (Projects) is responsible for:-

- (i) detailed planning of projects and submission of estimates therefor, technical soundness of designs and specification adopted;
- (ii) proper and expeditious execution of sanctioned projects;
- (iii) economical utilisation of resources in manpower and equipment;
- (iv) control and administration of GREF and army units/ formations placed under his command, and
- (v) using funds placed at his disposal in the best interest of the State.

#### **Task Force Commanders**

**834.** Task Forces consisting of various types of units viz. Road Construction Company, Bridge Construction Company, Road Maintenance Pln., Pioneer Companies etc. are placed at the disposal of Chief Engineers. The Commanders Task Forces are responsible for the due observance of rules and regulations, efficient and economical administration of funds allotted to them and for the proper and upto date maintenance of documents and records prescribed in different procedures.

#### **Other formations**

**835.** GREF Centre and Records, Base Workshops and Stores Division function directly under DGBR but for local administration and discipline they are placed under a Chief Engineer as decided by Director General Border Roads.

### **Section -2**

#### **Accounting Procedure and Audit Responsibility**

**836.** The detailed accounting procedure in respect of execution of works and accounting of stores etc. contained in Border Roads Regulations should be studied carefully. It should, however, be kept in view that the rules in the Border Roads Regulations are supplementary to those of general application like General Financial Rules, Civil Service Regulations, Fundamental Rules, MES Regulations Central Government Receipt and Payment Rules etc. and Rules and orders applicable

to Defence Civilians and MES Works equally apply in the case of Border Roads Organisation.

### **Duties of the Defence Accounts Department**

**837.** (i) While the Chief Controller of Accounts, Ministry of Surface Transport duly assisted by PAOs under him is the Accounting Authority for the Ministry of Road Transport & Highway the accounting and internal audit functions in respect of all cash and stores transactions relating to Border Roads Organisation are carried out by the Defence Accounts Department, Controllers of Defence Accounts at Patna, CDA WC at Chandigarh and CDA NC at Jammu were responsible for providing audit, payment, accounting and financial advice cover to the Border Roads Organisation Projects, in Eastern, Western and Northern Sectors. Consequent on the establishment of an exclusive full time organisation of CDA (BR) with effect from 1.4.91, the overall responsibility for providing audit, payment, accounting and financial advice cover has been taken over by the IFA (BR) who for this purpose is assisted by JCsDA (BR) positioned at Patna, Guwahati, Chandigarh, Jammu and Pune in the Regional Controllers Office, JCsDA (BR) referred to above exercise overall control over the various Accounts Offices attached to Chief Engineers Projects and Task Forces Commanders in their respective areas and are also responsible for placement of requisite cash assignment to the Task Forces in their jurisdiction under intimation to CDA (BR).

(CGDA New Delhi Confidential No. Audit Coord/13108/X dated 13.5.91)

(ii) As per procedure which existed prior to 1.4.89, the expenditure on BRO was initially incurred by Defence and compiled to PAO suspense of PAO, Ministry of Road Transport & Highways (code head 0/020/18). Accounts Officers, projects were submitting SAO's Accounts to PAO (National Highways) of Ministry of Road Transport & Highways for reimbursement. PAO Suspense head, initially operated was cleared on receipt of cheque/ demand drafts. This procedure was discontinued with effect from 1.4.89, and a Revised Accounting procedure in Border Roads Organisation was introduced instead as indicated in CGDA No. A/III/0107/BRO dated 31.3.89. The salient features of changes in the revised accounting system are:-

- (a) Expenditure relating to projects i.e. Major heads 3054 (maintenance) 5054 (Capital outlay on Roads & Bridges) 3601 (Grants-in-aid to State Government) 3601 (Grants-in-Aid to UT Government will be compiled to new code heads as indicated in the Pamphlet of RD&R Heads as amended.
- (b) A monthly statement of expenditure indicating budget allotment, monthly expenditure and progress of expenditure will be rendered to the Chief Controller of Accounts, Ministry of Surface Transport with copies to DGBR/ BRDB to replace the SAO's Account.
- (c) Construction Accounts and MER will continue to be maintained.
- (d) A register analogous to IAFA 823 will be maintained by each AAO to monitor expenditure, budget head wise against allotment for the financial year.
- (e) Expenditure on Pay & Allowances of Service Personnel deployed against a Project will be finally adjusted on Capitation Rates basis as circulated by Directorate of Financial Planning of AHQ while PCDA (O) and CDA concerned will compile expenditure to normal Defence Services Heads of Accounts.

- (f) Pay and Allowances of Service Personnel attached to DG BR HQrs. including Provost unit will continue to be claimed from PAO (Secretariat) Road Wing Transport Bhawan by CDA (O)/ PCDA as the case may be.
- (g) Expenditure on pay and allowances of Civilians attached to DGBR HQrs. will be settled on cash basis.
- (h) Transportation charges of stores admitted by COA(Fys) will be compiled to project code heads referred to at (ii) above.
- (i) Expenditure on Agency works debit to Defence heads of accounts will be compiled to final head of accounts.
- (j) Expenditure on account of Category 'A' stores procured centrally through DGS&D by Border Roads Establishments will be booked by DAD Cells direct to heads of accounts as indicated in the supply orders and the system of passing on the debit through Defence Exchange Account had been discontinued with effect from 1.7.90.

**838.** JCsDA referred to above under the administrative control of CDA (BR) are responsible for (i) scrutiny of Admin. Approval, Technical sanction and Monthly Expenditure Returns (ii) Watching the progress of the report on major Financial and Accounting irregularities/ Draft paragraphs/ Test Audit and Internal Audit objections. Annual Audit Certificate is consolidated and rendered by the CDA (BR). An Accounts Officer is attached by the CDA to each project. He is responsible for audit and payment and accounting of bills/ claims pertaining to the Chief Engineer's office. He is also responsible for pre audit of bills/ claims of Task Forces/ RCCs/BCCs etc. which are beyond the powers of unit Accountants attached to the Task Forces. He is also responsible for the preparation of monthly statement of expenditure relating to the projects and SAO Account where applicable for being rendered to authorities concerned and for the internal audit of cash and store accounts of all Task Forces and other units under the project. He acts as Financial Adviser to the Chief Engineer.

**839.** At the Task Forces level, the accounting cover is provided by the AAO. He is under the functional control of the Accounts officer of the Project and is responsible for accounting and payment of all claims/ bills pertaining to the Task Forces and the formations under its control. He is also responsible for maintenance of jobwise construction accounts. Some large RCCs also have UAs attached to them.

**840.** Pay accounts of GREF personnel are maintained by PAO (GREF) on IRLAs. PAO (GREF) took over pay accounting of GREF personnel in December 1987. GREF personnel are entitled to draw advances monthly from the imprests held by the Task Forces/ RCCs. The advances are adjusted by the PAO. Other claims viz. TA, Medical reimbursement, LTC, Educational allowances, etc. are paid by the UA Task Forces after pre audit by the AO.

**841.** Pay Accounts of Service Officers and personnel are maintained by the CDA (O) and PAO (ORs) concerned.

### **Test Audit**

**842.** Command Officers, Eastern Command, Patna, Western Command, Chandigarh and Northern Command, Jammu are responsible for the test audit of the accounts relating to the projects located in Eastern, Western and Northern Sectors.



They are also responsible for the audit of monthly expenditure statements and also SAO's accounts compiled and rendered by CDA (BR) and sub offices under him where applicable. In order to enable DGADS New Delhi to render the audit certificate in respect of expenditure on Border Roads to the Director General of Audit concerned, the Command Officers concerned render the necessary audit certificate in regard to the work executed by the BRO under their audit jurisdiction. The outstanding audit observations and Inspection Reports are required to be analysed in depth and system of deficiencies brought out selectively each year for inclusion in Audit Report, Defence Services. They also scrutinise the quarterly statement of losses in respect of BRO. They are also responsible for preparation of a consolidated statement of losses written off etc. for the year on the basis of quarterly statements of losses received from the JCDA pertaining to Border Roads projects in their respective audit jurisdiction and send the consolidated report to HQrs. office by 31<sup>st</sup> August every year ensuring that only cases of losses written off etc. exceeding Rs 2000/- each are included in the annual statement. While rendering the report a comprehensive synopsis of the important cases, misappropriations, defalcations as mentioned in AGCR New Delhi letter No. R-1/7-4/78-79/432 dated 13.7.78 should also be furnished. A copy of the statement rendered should also be endorsed to the JCDA for confirmation of the correctness of the consolidated figures shown in the statement.

### **Section-3**

#### **Local Test Audit of the Accounts of Director General Border Roads, New Delhi.**

**843.(i)** The DGBR New Delhi in regard to Border Roads Organisation, is the counterpart of E-in-C on the MES side. The cash book maintained in his office should be audited in the usual manner. The audit of DGBR's office including Directorates mainly consists of:-

- (a) examination of files leading to issue of sanctions for execution of various projects, provision of stores, equipment and machinery, their distribution and actual utilisation.
  - (b) progress reports received from various projects indicating the target and actual achievements.
  - (c) expenditure statements showing the progress of expenditure etc. and
  - (d) sanctions for local purchase of stores, hiring of land etc. (para 6 of Chapter 1 of Border Roads Regulations).
- (ii) DGBR is empowered to execute the under mentioned contracts, agreements etc.
- (a) all instruments relating to purchase, supply and conveyance or carriage of materials, stores, machinery and hiring of land and accommodation;
  - (b) all instruments relating to execution of works of all kinds connected with camp structure and buildings and those relating to machinery;
  - (c) all contracts and instruments relating to disposal of unserviceable stores and spares of bridging, vehicles, machinery and connected spares when the book value of stores for each category and assessed value in the case of scrap does not exceed Rs 20,000/-.

(d) agreement and other instruments relating to bulk supply of electric energy and water from an outside source when the annual payment in each case exceeds Rs 1,00,000/-.

(iii) These agreements/instruments should be scrutinised to see that the procedures prescribed regarding invitation and acceptance of tenders in paras 683, 688 to 704 Border Roads Regulation (1993 reprint) have been followed.

(iv) Regarding disposal of unserviceable stores it should be seen in audit that the procedure prescribed in paras 968 to 980 of Border Roads Regulations have been followed and bids accepted should not fall below 30% of the guiding price. For agreement of water and electricity it should be seen that the actual consumption is not abnormally low than the contractual demand.

(v) All disputes arising out of contracts to be settled through arbitration are reported to DGBR by the lower formations who keep a watch on the progress of these cases through an arbitration Register. It should be seen in audit whether the disputes reflect cases of defective drafting of contracts allowing the contractors to seek arbitration and get awards in their favour. The cases of abnormal delay in progressing the arbitration cases should be examined in audit to see that adequate justification exist for such delays.

(vi) In order to ensure greater efficiency in administration and early materialisation of indents/ supply, financial powers have been delegated to DGBR and Secretary BRDB vide Ministry of Road Transport & Highways BRDB letter No. F.201(36)/BRDB/S-89/BWA. Dated 5.4.91 addressed to DGBR.

(vii) Revised powers to include works in the BRDB programme and to accord administrative approval by Secretary BRDB and DGBR (with and without financial concurrence) have been laid down in Ministry of Surface Transport BRDB letter No. F5(4)/BRDB/P&C/Del/85 dated 18.8.88 to DGBR.

**844.** The following important points should be borne in mind during the audit of the accounts of Director General Border Roads, New Delhi:-

- (i) that sanctions to expenditure accorded are in order and within his powers.
- (ii) that no measure requiring the sanction of the higher authority has been split up to bring it within the power of sanction of the lower authority.
- (iii) that provisioning of stores, equipment and machinery has been done with utmost discretion taking into account the current stock position and the anticipated requirements based on increase or decrease in the volume of work load etc. and that these were actually utilised.
- (iv) that the progress reports are examined to see how far the targets have been achieved and if such an examination discloses very poor performance the reasons therefor investigated.
- (v) that the census and other returns are examined to see that machinery and equipment purchased has been judiciously distributed, all unserviceable machinery have been disposed of and the machinery classified as repairable by the Workshops have been repaired expeditiously and put to work and that no machinery is lying idle.

- (vi) that the expenditure statement of various projects are examined to see the progress of expenditure as compared to work performed and the anticipated requirement of funds to find out whether the estimates have been correctly prepared taking into account all factors and whether the project as a whole can be completed within the amount of sanction. If any large variation is disclosed, the reason therefor should be investigated and action taken to surrender the savings or meet the excess expenditure by obtaining revised administrative approval of the competent authority.
- (vii) that there is no abnormal time lag between preparation of recce report of projects, submission of technical cost appreciation/AEs, issue of Admn. Approval and Technical sanction and commencement and completion of the works leading to time over run and cost escalation.
- (viii) that for all works physically completed CR Parts 'A' & 'B' are intimated promptly and received by DGBR for showing these reports to the BRDB and Ministry of Finance (Defence).
- (ix) that regular monitoring for all short supply of stores viz. cement, lime, steel and bitumen is done with the supplier, carrying agencies and CE/Task forces.
- (x) that the usage rates of vehicles and equipments have been worked out correctly.
- (xi) that the investigation of defects reports and premature failure/downgradation of equipment does not reveal any substandard purchase or selection of wrong firm.
- (xii) that the contract for construction/departmental construction of bridges are undertaken after sub soil investigation, preparation of technical specification and drawing and finalisation of the design parameters.
- (xiii) that the completion of construction of bridges is synchronised with the completion of approach roads to these bridges;
- (xiv) that proper procedures are followed regarding preparation/ invitation of tenders by DGBR on behalf of CEs for major bridges and other specialised work;
- (xv) that arbitration cases are examined to see whether the dispute in arbitration arose due to defective drafting of contracts and the advise given by DGBR to CEs on arbitration matters are proper and as per legal opinion.

#### **Section - 4**

##### **Local Test Audit of the accounts of Chief Engineer (Projects) Office.**

**845.** The Chief Engineer (Projects) function in specified areas and have under them a specified number of Task Forces. Chief Engineers are responsible to the DGBR as to the functioning and execution of works by various GREF Units/Formations in their areas. The documents maintained in the Chief Engineers offices are indicated in *Appendix-I*.

## **Audit Procedure**

**846.** (i) The procedure to be followed in the audit of the documents are exactly similar to those of any Army Unit and Formation of MES Division. Instructions contained in the various Codes issued by the Defence Accounts Department and Regulations published by Government are equally applicable for the audit of accounts of Border Roads units and formations.

(ii) In addition to examination of the documents mentioned above in the normal manner, Test Audit should pay particular attention to the following points:-

- (a) Examination of expenditure statement to see the progress of expenditure, anticipated requirements, excess or savings over sanctioned estimates, and action to meet the excess or to surrender savings.
- (b) Check of Progress Reports to see the actual progress of work as compared to the targets fixed. Wide variations should be investigated to ascertain the reasons for the same and commented upon in audit, if necessary.
- (c) Census returns should be examined to see that equipments, machinery, vehicles etc. in the project are being utilised and that there is no equipment lying idle in the project. It should specially be seen that machinery/ vehicles which are off road for want of repairs are sent to workshops as expeditiously as possible for necessary repairs.
- (d) Abandoned projects, if any, resulting in infructuous expenditure should be examined to find out justification for sanction/ abandonment and any adverse feature noticed during examination may be commented upon in audit.
- (e) Whether funds placed at disposal have been utilised to the best advantage of the State.
- (f) Whether manpower and equipments have been utilised fully and economically.
- (g) Whether any deviation from the laid down procedure has been made without the sanction of the competent authority.
- (h) Whether there is proper planning and synchronisation in the execution of work.

## **Section – 5**

### **Local Test Audit of the Accounts of Headquarters Task Forces and Units under them.**

**847.** (i) Task Forces consisting of a number of units under a Task Force Commander are responsible for the actual execution of works services, maintenance services, due observance of rules and regulations, efficient and economical administration of funds and for the proper and upto date maintenance of prescribed records and documents.

(ii) Task Forces Commanders

The Forces Commander maintains records/ documents as indicated in *Appendix-II*.

## **Accounting Procedure and audit**

**848.** (i) As indicated in paras 837 to 839 above, UA attached to the Task Forces is responsible to assist the Task Forces Commander on all matters relating to financial administration, preparation of financial statements and all matters relating to accounts and audit.

(ii) **(a)** The approximate estimates (AE) are priced on the basis of the schedule of rates issued by the DGBR. In cases where certain items are not priced on the basis of the rates in the schedule, the AE will be supported by a statement showing the analysis of rates actually adopted. Where it is proposed to execute the works by contracts the estimates will be based on MES schedule of rates. Where however MES Schedule of rates is not available, the estimates will be based on PWD Schedule of rates. The estimates will be prepared on the form prescribed by the DGBR on the basis of the stretch of road which can be entrusted to a single Task Force for completion in a given period and administrative approval/ expenditure sanction will be issued for this stretch of road in respect of each stage. If during the execution of the project it is anticipated that the scope of the project would change or if the expenditure exceeds or likely to exceed the amount of Admn. Approval/ expenditure sanction beyond the permissible limit (more than 20%) a report will at once be made to the DGBR explaining the reasons for the change in scope or for the excess expenditure. A revised estimate will be prepared and a revised admin approval/ expenditure sanction obtained. Estimating section of the DGBR deals with estimates. The revised estimates should be checked in audit to ascertain whether:

1. the change in scope due to variation in quantum of work and rates as between the original and revised estimates are justified and reasons given for the excess expenditure are proper.
2. the excess expenditure was due to unrealistic and adhoc provision in the original estimate and
3. non-completion of work in time had resulted in additional expenditure due to steep escalation in prices.

**(b)** The final cost of a project should not exceed the amount of administrative approval by more than 20% and the scope of work should not be deviated from that indicated in the admn. approval.

**(c)** Funds which are not required for the purpose for which allotted should be surrendered. No funds will be spent uneconomically merely to avoid lapse of funds and transfer of funds from one work to another should be made by the competent authority and within the limits prescribed in paras 576,577 and 578 of BR Regulations 1973.

**(d)** Road works are normally executed through departmental labour. It should be seen that the monthly or daily rates of labour employed by the T.F. Commander to supplement the normal labour element in units and formations and the hire charges for mules/ pack animals employed by the TF Commander for transportation of stores are fixed in consultation with the local administration/ political authorities.

**(e)** In the case of curtailment or abandonment of works, the reasons therefor should be investigated. It should be seen that infructuous expenditure is assessed correctly and action initiated for regularisation of the infructuous expenditure by the C.F.A.

## **(f) Completion Report**

1. On completion of work, a completion report will be rendered on IAFW 2266 A as indicated below:
2. Part A of the report will be initiated by the Task Force Commander as soon as the work is physically completed and transmitted in duplicate to the UA who will after verification and check, forward the original to the Chief Engineer concerned in case of technical minor case works and in respect of other works to the DGBR through the CE, retaining the duplicate for subsequent check. DGBR will show these reports to the BRDB and Ministry of Defence (Finance/BR).
3. Para B of the report will be completed as soon as the accounts of the works have been closed and forwarded to all concerned in the same manner as Part A. Fact of rendition of completion report would be noted in the Construction Accounts of the work concerned.
4. It should be seen in audit that there is no abnormal delay in initiating Part 'A' of the Completion Report from the date of completion of work. It should be verified whether the expenditure shown in Part A of the report agrees with the figures reflected in the Construction Account and Monthly Expenditure Returns. The time lag between initiation of CR Part A and CR Part B should be minimal so that all liabilities against the projects/ jobs are cleared promptly.
5. In respect of physically completed works, the following formations should be subjected to scrutiny in order to ensure that resources and machinery have been economically used.

### **Formation**

|    |  |      |
|----|--|------|
| A. | Works Diary                                      | W-6  |
| B. | Utilisation of Resources                         | W-8  |
| C. | Utilisation of machinery                         | W-9  |
| D. | Consumption of FOL                               | W-9A |
| E. | Consumption of Stores                            | W-9B |
| F. | Consumption analysis of stores                   | W-9C |
| G. | Quarterly input and output returns               | W-15 |
| H. | Costed progress of work (Half Yearly)            | W-16 |
| I. | Critical review and reconciliation (Half Yearly) | W-18 |
| J. | Employment of resources                          | W-19 |
| K. | Quarterly Review Report                          | W-20 |

## **6. Works diary**

- A) A record of daily progress of work is maintained in the works diaries by the officer in immediate charge of the work. The works diaries contain complete data of daily deployment of men and machines, weather conditions and an assessment of the work done. The assessed progress is cross checked fortnightly with the help of "dimensional analysis". A monthly abstract of works diaries is sent to the Task Force Commander who consolidates the progress job-wise for submission to the Chief Engineer and DGBR. An assessment of the

expenditure incurred on the work called “Cost Control Return” is also prepared by the Task Force Commander and submitted to the higher formations along with the progress report. The main purpose of this return is to find out the gap between the cost of work done at the estimated rates and the cost of actual effort. A descriptive analysis in form of a questionnaire is also submitted by the Task Force Commander giving reasons for shortfalls, if any, and the state of machinery.

- B) During audit it should be seen that the daily work done as reflected in the work diary is commensurate on the deployment of men, machines and material consumed. The cost control return should be checked to see that adequate justification exist for the wide variations between the estimated rates and actual rates as indicated in cost control return.
- (g) The casual personnel (monthly rated personnel) and muster roll bills for daily rated personnel should be particularly examined to see that labour have actually been employed fully on construction and authorised work and that the number employed is not excessive. It should be seen that the OC unit certifies that the labour employed and stores issued have been fully utilised on the work. It should also be seen that the Task Force Commander maintains records of output and performance as prescribed by DGBR from time to time.
- (h) Contracts may be entered into for the construction of bridges, ancillary buildings or for the supply of stores materials etc., or for transportation of personnel or stores or for execution of roads in exceptional cases. It should be ensured that the procedure prescribed in para 681 of BR Regulations 1993 is strictly adhered to. The procedure is similar to that on the MES side and audit principles applicable to MES contracts are applicable to Border Roads Contracts also.
- (i) Construction Accounts**
1. Construction accounts are prepared in the prescribed form for each work. The construction accounts indicate the head of account, job No. particulars of the job, particulars of the administrative approvals and technical sanction, allotment of funds and dates of physical and financial completion. The construction account includes monthwise details of cash and adjusted expenditure on account of pay and allowances, rations, stores, FOL, transportation charges and share of common service units. The usage rate at the prescribed rate on account of Category ‘A’ stores and expenditure on account of pensionary liabilities at percentage basis also form part as proforma and are adjusted in the Construction Accounts.
  2. Headquarters Task Force, Field Post Office, Transport Company, Mobile Surgical Unit and Medical Staging Section function as “common service” units to more than one project. Other units also may be similarly employed on more than one project. In the above cases, the expenditure on those units should be separately determined and apportioned to individual projects concerned. For this purpose separate construction accounts as indicated in paras 794 and 795 Border Road Regulations will be maintained in respect of each such “common service” unit/ formation to

arrive at the total expenditure to be apportioned to individual projects would be determined by the Task Force Commander in consultation with the Unit Accountant taking into account to what extent the unit/ formation concerned was utilised for the different projects. In the event of such common service works being employed for two different Task Force areas, the allocation of expenditure would be determined by the Chief Engineer, in consultation with the Accounts officer, bearing in mind the quantum of benefit derived from the “common service” unit. Such adjustment could be made monthly on a proforma basis or operating the head of account-Transfer between MES Officers, depending on the head of account to which the expenditure is debitable.

3. The expenditure on the office of the Chief Engineer and Base/ Transit Depot would be regulated with reference to allotment of funds made by the DGBR and will be debited to Major Head 537. These formations would also maintain construction account as indicated in para 794 of Border Roads Regulations.
4. It should be ensured that the following items of expenditure are inter-alia adjusted correctly and at the appropriate rates:-
  - A. Pay and allowances of service personnel employed in GREF at the capitation rate fixed by the Ministry of Defence (Finance)
  - B. Pensionary liability at the rate of 4% of the expenditure on the pay and allowances of personnel at capitation rates.
  - C. An amount on account of leave salary contribution calculated as laid down in para 820 of Border Roads Organisation.
  - D. Hospital charges of service officers and others under the control of Defence Services at prescribed rates.
  - E. Expenditure incurred in respect of families of PBORs serving in GREF although entitled to free treatment will be debited in the construction account against the work concerned.
  - F. Pay and allowances of other personnel and claims of individuals for disablement or death while employed in the GREF or claims arising out of any disability contracted during such employment on the basis of actuals.
  - G. Pensionary charges in respect of deputationist of GREF on “Service Share” basis.
  - H. Leave salary in respect of deputationists to GREF calculated according to the provisions of Appendix 3 to Account Code Volume I.
  - I. Cost of FOL Rations and other stores obtained from Defence Services or Base Depots.
  - J. Expenditure on common service units/ formations such as Field Post Office, Transport Company, Medical Surgical Units, Medical Staging Section etc., are allocated among the various works.
  - K. Expenditure on moves of personnel



- L. Cost of equipment of the Army Units as assessed by Board of Officers, Cost of Category 'A' Stores will be debited to Major Head 103 and cost of category 'B' stores to the projects in which employed.
- M. Expenditure on Army Postal Services
- N. Expenditure on aircraft. The construction account of the project in which air-lift has been utilised will be debited on proforma basis with the cost of air-lift of stores at the rate prescribed per ton per mile.

**(j) Cash Assignments.**

1. To enable the Chief Engineer, TFC and others connected with the execution of work to make disbursement on account of Pay & Allowances of personnel and other items of expenditure, cash assignment on the local, civil or political treasury will be authorised in favour of these officers by the CDA concerned and the amount of assignment is fixed by the next higher authority, in consultation with the CDA. Within the amount so fixed, the assignment will be recouped periodically by the CDA. A record will be maintained on IAFA-277 of the amount of assignment, daily transaction and the balance and any balance unpaid on the last day of the financial year will lapse except that cheques drawn before but paid after the end of the year will be taken against the balance of the assignment of that year. Assignment holder maintains a Pass Book (IAFA-2105) which is sent monthly to the Treasury officer for completion and on return the drawings for the month and the balance will be verified. Cheques will be drawn with the concurrence of the Accounts Officer or Accountant on the basis of bills preaudited and passed for payment by him.
2. The instructions contained in Para 602(ii) of Manual of the Audit Department Defence Services, Volume I Part 'C' should be kept in view while auditing Assignment Cash Book.

**(k) Monthly Expenditure Report**

A Monthly Expenditure Report on each project containing all items of expenditure shown in the construction accounts duly checked and counter-signed by the AO is rendered to the DGBR, Border Roads Development Board and the Ministry of Defence (Finance). The abnormal variation between allotment and expenditure should be examined to see that adequate justification exist for such variations.

**(l) Emergency work**

(i) Occasions may arise from natural causes such as land slides, floods, etc. which will necessitate repair and maintenance works other than those mentioned in para 560 Border Road Regulation to be commenced urgently before issue of the Administrative Approval/ Expenditure Sanction. In such circumstances, where in the opinion (to be recorded in writing) of the local engineer officer not below the rank of O.C. Construction Company/ Works Section, (Executive Engineer/ Major) delay in commencement of work may endanger life or property or cause serious traffic blockades or further deterioration of the road, work may be commenced in anticipation of Administrative Approval/ Expenditure Sanction. The Engineer officer concerned will, however, make an immediate detailed report to his Task Force Commander, the C.E., the Accounts Officers and the DGBR, stating the approximate

amount of liability involved and explaining the reasons for commencing such works. Approximate Estimate for the work will be submitted without delay for issue of Administrative Approval/ Expenditure Sanction.

(2) Estimates in respect of work valuing upto Rs 5 lakhs whether already completed or still in progress will be sanctioned by Border Roads Development Board after necessary scrutiny at their end from Administrative and Financial angles. Estimates in excess of Rs 5 lakhs would, however, be sent to the Ministry of Defence (Finance/ BR) for financial concurrence.

(3) It should be seen in audit that there is no delay in completion of works sanctioned under Para 560 Border Roads Regulation and the action to initiate administrative approval and expenditure sanction is taken and approval of CFA is obtained either before or after the completion of work.

### **Road Construction Companies/ Bridge Construction Companies/ Maintenance Platoons**

**849.** (i) The documents maintained by these units are indicated in Annexure 3,4 & 5 respectively.

(ii) The points to be seen during the audit of these units are:

- (a) Most of the works are executed departmentally. It may be ensured in audit that there is no wide variation in the labour, materials and plants technically sanctioned and actually deployed against the work.
- (b) The over issue of cement, steel, bitumen and shingle over the quantities technically sanctioned for a work may be placed under objection.
- (c) Whether materials, labour and plants utilised against a work are reflected in the works diaries maintained at RCC/BCC/ Maintenance Platoon level and their cost correctly worked out and reflected in the cost control returns submitted to the Task Force.
- (d) There are no losses/ pilferage of steel, cement, bitumen and other stores enroute in between Engineer Stores/ Supply Coy. and RCC/ BCC/ Maintenance Pln.
- (e) The reasons for shortfall of annual targets laid down for RCC/BCC should be critically examined with special reference to resurfacing/ Formation cutting and bridge construction works.
- (f) Execution of restoration works due to natural causes needs thorough examination with reference to the actual damages assessed by the Board.
- (g) It may also be seen that financial and physical progress of work undertaken by the RCC/BCC coordinated.
- (h) Reasons for under utilisation of Labour/ Pioneers and Machines be critically analysed.
- (i) Cases of undue attachment of Labour/ Pioneers at HQrs. RCC/BCC and Task Force level for admin duties be critically analysed and objected to in audit.

- (j) In the case of projects foreclosed it should be seen that there are no lapses in survey/ planning and execution of works at RCC/ BCC level.
- (k) The labour – pioneer ratio is maintained as authorised.
- (l) It should be ensured in audit that no fictitious payments are made on muster rolls.
- (m) the demolished/ excavated materials are properly accounted for.

(iii) In the case of contracts concluded for supply of broken stones and sand it should be seen that materials supplied are as per specifications.

(iv) In the case of RCC engaged in snow clearance works, the intensity of snowfall viz-a-viz the lump sum grants claimed and utilised for a few years be compared and unusual features noticed should be commented in audit.

## **Section - 6**

### **Local Test Audit of the Accounts of other Units and Formations**

#### **Engineer Stores and Supply Coy**

**850.** (i) Stores equipment etc. are received in bulk in Engineer Stores and Supply Coy for issue to units and formations. Stores received are accounted for in stock ledger by means of receipt vouchers and stores issued are struck off charge and supported by issue vouchers. The receipt vouchers are subsequently linked with the issue vouchers received from the consignor units, formations or bills paid for their procurement locally. Receipted copies of issue vouchers will be obtained from the units and formations to whom stores have been issued and kept on record for audit verification. The receipt and issue vouchers will be serially numbered separately and furnished to the Unit Accountant fortnightly for verification.

(ii) Issue of rations will be supported by the daily strength statement received from dependent units and formations for the purposes of audit. It should be ensured in audit that the above procedure is adhered to.

#### **Mobile Surgical Unit**

**851.** (i) The following records are maintained by Mobile Surgical Units:

- (a) Medical Equipment Ledger
- (b) Surgical and X-Ray Equipment ledger
- (c) Medical Stores Ledger.
- (d) Expendable Stores ledger (pertaining to unit administration)

(ii) Medical and Surgical equipment and medical stores will be accounted for in the above ledgers. Expendable medical stores will be struck off charge monthly on expense vouchers with a certificate by the O.C. unit to the effect that the stores have been utilised for the authorised purposes. Medical and Surgical equipment will be struck off ledger charge duly supported by issue vouchers, transfer vouchers, loss statement etc. as the case may be.

(Para 809 B.R.Regulation 1993)

## **Medical Staging Section**

**852.** The following records are maintained by Medical Staging Section:

- (i) Medical Equipment Ledger
- (ii) Surgical and X-Ray Equipment ledger
- (iii) Medical Stores Ledger.
- (iv) Hospital Clothing Ledger
- (v) Ledger for Ration Articles
- (vi) Ward Diet Sheets and Monthly Summary of Diets and Extras
- (vii) Hospital Admission and Discharge Book
- (viii) Amenity and Other Stores

Ration Returns shall be maintained to account for ration articles drawn from Engineer Stores and Supply Coy for issue to patients as diet items. Quantities issued will be charged off in the ration return on the basis of individual diet sheet in respect of the patients. Hospital Stoppage Rolls will be prepared in respect of personnel who are not entitled to free treatment and sent to the Account Officer for recovery or adjustment of the expenditure involved.

(Para 810 B.R.Regulations 1993)

## **Liaison Cells**

**853.** (i) The main function of liaison Cells is the receipt and issue of important stores received for the Border Roads units and formations. Allotments are made by the Director General Border Roads in consultation with BRDB and Ministry of Defence (Finance/BR) for the expenditure for running of the Cells. The auditable documents maintained by the Cells are similar to those maintained by Headquarters Task Force under para 791 B.R. Regulations 1993

(ii) (a) The special feature in the store accounting of stores passing through Liaison Cells is indicated below:

(b) The accounting of stores and equipment passing through Liaison Cells shall be in terms of packages and crates in respect of un-opened packages. These will be accounted for in numerical store accounts showing receipts, issue and balance. In cases where packages are opened on evident or suspected damage or when bulk consignments are broken for distribution the stores and equipment will be taken on charge on receipt vouchers which will be linked with packing accounts, invoices or other connected documents with which they are received.

(iii) Issues will be made on issue vouchers made out in the name of the Officer Commanding of the unit/ formation concerned and receipted copies of these issue vouchers will be obtained and recorded.

(iv) The Liaison Officer is empowered to employ labour skilled and unskilled on daily/monthly rates of pay on an "as required" basis within the limits of the allotment made for purpose. He may also make local purchase of petty contingent

items including packing materials upto Rs 100.00 in each case. He may authorise moves of escorts in urgent cases taking action to obtain the ex-post facto sanction of the Director General Border Roads immediately thereafter. He may also issue civil credit notes for despatch of Government stores and equipment.

(B.R. Regulations 1993 reprint paras 851-860)

### **Raising Centres**

**854.** The Centre maintains, in addition to Assignment Cash Book and imprest Cash Book, all ledgers, registers, etc. as per Army Units. The expenditure on Raising Centres is debited to Major Head 103. In addition to auditing these accounts in the normal manner particular attention should be paid to the number and nature of units raised for deployment with border Roads units and formations, time taken to raise them, and whether these units were actually deployed or they were subsequently disbanded. If disbanded without deployment, the reasons therefor should be investigated and any unsatisfactory feature coming to notice should be commented upon in audit to regularise the infructuous expenditure involved. Similarly an inordinate delay in the deployment of unit after it has been raised or ordered for disbandment should be investigated and commented upon in audit.

(Para 866 to 870 B. R. Regulations 1993 reprint)

### **855. BLANK.**

### **Sub Audit Officer's Account**

**856.** The monthly SAO's accounts will be rendered by the CDA (Border Roads) to PAO (MORT & H) in respect of expenditure on Pay & Allowances of service personnel attached to DGBR HQrs. including 910 Provost Unit. Expenditure on construction and maintenance of Border Roads located on territories of State/ Union Territory carried out by GREF as agency work will be passed on by CDA Border Roads/ JCsDA to AG State/ Union Territory carried out by GREF as agency work will be passed on by CDA Border Road /JCDA to AG State / Union Territory Govt. through SAO's A/c and additional copy being rendered to PAO (MORT&H). The expenditure on pay and allowances of civilians attached to DGBR HQrs. is settled on cash basis with PAO (MORT&H).

## **Section - 7**

### **Base Workshop**

#### **Function**

**857.** The main function of a Base Workshop is to repair/ overhaul the vehicles /equipment etc., received from various Border Roads Units/ Formations.

#### **Accounting Procedure**

**858.** The procedure for the accounting of cash and other store accounts, such as Rations, F.O.L., Clothing etc., and the various accounts/ documents to be maintained in connection therewith is similar to any other unit of the Border Roads Organisation. The detailed accounting procedure to be followed in a Base Workshop

is given in Section 4 of Chapter IV Border Roads Regulations and should be studied carefully.

### **Audit Procedure**

**859.** (i) The audit of cash and other store accounts should be conducted in the usual manner as in the case of any other Border Roads units.

(ii) The most important account to be audited in a Base workshop is the Workshop Accounts for which the following documents are maintained:

- (a) Stock ledger for the spare parts and field equipment IAFZ 3056.
- (b) Stock ledger for repairable parts salvaged from vehicles/ machinery IAFZ 3056.
- (c) Salvage ledger to account for unserviceable salvage items IAFZ 3056.
- (d) Salvage ledger to account for complete vehicles/ equipment declared BER- IAFZ 3056.
- (e) Stock ledger for all installed plant and machinery and those intended for installation IAFZ 3056.
- (f) Plant Record Book showing make, specification etc. of all parts IAFO 1320.
- (g) Machinery history sheets for plants IAFZ 1320.
- (h) Register of Work Order done in E.M.E. Workshops.

(iii) The general principles of audit applicable to the accounts of E.M.E. Workshops are equally applicable in the case of the base Workshops. The following points should be kept in view during the audit of accounts of Base Work Shops:

- (a) Work orders are prepared for each batch of similar vehicles/ equipments. It should be seen that they show sufficient details, the scope of repairs to be carried out, quantitative assessment of materials, labour and time required for completion of the job as also full particulars of vehicles, to be repaired such as DGBR's No., Chassis No. etc.
- (b) In the case of work orders involving recovery or adjustment of cost (such as orders for CPWD/State PWD) where pricing of individual work orders will be necessary, separate work orders should be prepared for the work undertaken for each such agency. Overhead charges at prescribed rates will be levied.
- (c) Indents for spare parts and other materials required for each work order are prepared separately. Indents should be cross linked with the work order. A copy of the indent should also be attached to the work order.
- (d) Completed work order show the following particulars:
  - (1) Items and quantities of materials including spare parts actually utilised in repair.
  - (2) Balance, if any, returned to stock
  - (3) Time taken for completion.

- (e) The serviceable and repairable parts retrieved from vehicles/ equipment are taken on relevant stock ledgers and used in future repair jobs after necessary repairs/ reconditioning.
- (f) Unserviceable parts are taken on Salvage Ledger by weight and disposed of to the best advantage of the State.
- (g) In the case of completed work orders, completion certificates are endorsed on the work orders. It should be ensured that the nature of repairs carried out is also endorsed in the log book in the case of vehicles and in the inspection report in the case of equipment.
- (h) The monthly out put returns rendered by officer Commanding, Base Workshop should be scrutinised to see that these contain the full information of the equipment such as types and numbers of vehicles and equipment held as balance for repairs at the end of the previous month, numbers received during the month, numbers repaired during the month, and the balance awaiting repairs at the end of the month.
- (i) the workload in the Base Workshop should be examined to see that the capacity authorised for the Base Workshop is justified and that the establishment is not excessive.

(Section 4 chapter IV or Border Roads Regulations, & Chapter XIV of hand Book on Work and Accounting Procedure in Border Roads, Projects)

**860.** With effect from 31<sup>st</sup> May 1973 Stores section has been separated from the Base workshops and has been redesignated as Store Division (GREF) Eastern & Western Store Division and is functioning as independent units. The functions of the Store Divisions are similar to that of the Stores Section of Base Workshop prior to the separation.

## CHAPTER- 43

### DIRECTORATE GENERAL OF QUALITY ASSURANCE

**861.** The DGQA organisation is at present under the administrative and overall control of the Department of Defence Production and Supplies in the Ministry of Defence. The organisations is responsible for assuring the quality of entire range of weapons, equipment and stores manufactured for use in the Army, Navy (except Naval Armament) and for the common user items for the Air Force. These stores may be supplied by Ordnance Factories Public Sector Undertakings, Joint Sector Undertakings, EME Base Workshops, Private Industries and Foreign Sources. In addition, it investigates the possibilities of indigenous production/substitution of imported Defence Stores. In case of General Stores, manufacture of certain chemical/POL items and in the case of Armaments, manufacture of gauges is also undertaken. The organisation also renders technical advice to the users on service conditions, reliability, maintenance and preparation on contract documents of the defence equipment. On receipt of feedback of users experience from the units, the organisation carries out analysis on the exploited products and effect product improvements in desirable areas. Market and product surveys are the other functions regularly carried out by the Organisation so that the product in the hands of troops is most modern and upto date.

**The activities of the DGQA encompass the following:**

**(a) Quality Assurance:** This can be broadly divided into the following three aspects:

- (i) Formulation of quality and reliability plans.
- (ii) Evaluation of quality and reliability.
- (iii) Improving quality and reliability based on feed-back information.

**(b) Development of Indigenous Production:** This aims at widening the industrial base for indigenous production of Defence Stores by private sector. This is done by identifying source of supply, carrying out capacity verification of firms and recommending suitability of industrial organisations/firms as potential sources of supply for Defence

**(c) Preparation of Technical Documents and Literature:** Framing/Adoption of specifications to meet the user's requirement and then continuously updating it to keep abreast with the latest technology available in the country. It includes various parameters of process engineering, manufacturing methods, material specifications, testing methods, etc.

**(d) Pre-contract and Post Contract Services to Defence Indentor:-** The services provided, include technical vetting of indents, testing of advance samples/pilot samples, technical guidance during production, liaison with production units to remove any bottlenecks during production, quality audit and grant of deviation during production, investigation of defects/failures and suggesting remedial measures including modifications to the existing equipment. These are also fed back to design and production agencies for incorporation of improvements in future production. Active participation in the user-cum-technical trials and association with design authority during development of new equipment.



**(e) Cataloguing:** Cataloguing and preparation of various technical documents e.g. illustrated Spare Parts Lists (IPLs), Users Handbook, Operation Manual etc.

**(f) Technical Guidance** Besides these, DGQA Organisation is also called upon to render technical advice to stocking depots, EME repair workshops and user units.

### **Organisational Setup**

**862 (i)** The organizational setup, role, functions and duties of the organisation, procedure to be followed by the various offices is carrying out the various functions entrusted to the organisation are brought out in detail in the Standing Orders for Defence Quality Assurance Organisation (Oct 2002 Edn.) as shown in Organisational Chart in *Annexure 'A'*

(ii) In keeping with evolution in the concept of Quality and Reliability, the earlier concept of inspection to ensure quality and reliability has been changed to that of Quality Assurance embracing all the phases of stores covering design, development, evaluation, production, usage and discard. Hence, the work inspection has been replaced by Quality Assurance. Defence Quality Assurance Organisation under the control of Director General of Quality Assurance (DGQA) comprises of the following disciplines/institute as shown in *Annexure 'A'* horizontally.-

- (a) Armaments
- (b) Vehicles.
- (c) Stores.
- (d) Electronics.
- (e) Engineering Equipment
- (f) Naval Stores.
- (g) Warship Projects.
- (h) Administration and Personnel Management
- (i) Defence Institute of Quality Assurance

(iii) Each discipline is headed by a Director and the Technical Disciplines are organizationally structured as follows as shown in Annexure 'A' Vertically.

- (a) Technical Directors at Headquarters
- (b) Technical Committees/Sub-Committees for indigenisation
- (c) AHSP and Controllers/Quality Assurance Establishments
- (d) Proof Establishments (Armament Directorate only)
- (e) Depot Advisory Cells (Technical Cells)
- (f) Defence Stores Display Units (Sample Rooms).

(iv) A Technical Liaison Officer known as ADTD is located at DGOF HQ Kolkata, for maintaining close liaison on production, quality and proof procedures in Ordnance Factories.

### **863 (i) Technical Directorates**

The Technical Directorates at HQ are the controlling bodies and lay down the policies, procedures and effect/coordinate in respect of the following:

- (a) Quality Assurance of Defence Stores and equipments manufactured by Ordnance Factories, Public Sector Undertakings, Central/State Undertakings, Private Industries, EME Base Workshops and Foreign sources.
- (b) Undertaking development projects in connection with all indigenous production/substitution of imported stores effecting minor modification to stores and equipment in service and effecting product improvement.
- (c) Productionising the design developed by Research and Development Organisation. Undertaking such development projects as are assigned to the Organisation with the purpose of establishing any product for introduction into the service.
- (d) Investigation of defects and failures found during service, storage, use etc and effect product improvement.
- (e) Checking of service demands and making available the relevant drawings/specifications that govern supply.
- (f) Guidance to procurement and production agencies on all technical matters.
- (g) Introduction/obsolescence and cataloguing of the service stores.
- (h) Compilation/vetting of various technical and service publication including catalogues.
- (i) Liaison with Defence Production agencies and civil agencies connected with development and production of Defence Stores.
- (j) Monitoring the progress of current production and supplies.
- (k) Advice to Service HQ /Branches on technical matters relating to stores in service.
- (l) Scrutiny of lists of obsolete and surplus ordnance equipment/stores with a view to suggesting alternate utilization.
- (m) Participation in the activities of Directorate of Standardisation of Ministry of Defence for the purpose of effecting standardisation and rationalization of various specifications in the Services and to evolve Joint Service Specifications (JSS) where required.
- (n) Rendering of quality assurance/testing assistance to civil departments, semi-government institutions and Private bodies
- (o) Carry out such administrative and personnel functions as delegated by Director General of Quality Assurance from time to time.
- (p) Organisation of training courses for officers and staff on a required basis.
- (q) Vendor Registration and Vendor Rating

**(ii) Technical Committees**

The Technical Committees (TC) assist the Department of Defence Supplies, Ministry of Defence in locating indigenous sources of supply for Defence Stores hitherto being imported. The functions include:

- (a) Vetting and scrutiny of Draft Depot Lists and selection of items suitable

for indigenization/substitution (for Naval Dtes- Base demands/FODAs/ ARDs from Naval Logistics Deptt. User)

- (b) Planning for indigenization/substitution
- (c) Technical vetting and scrutiny of drawings/specifications
- (d) Floating of tender enquiries
- (e) Sorting out all technical queries of the vendors
- (f) Technical vetting and examination of quotations and evaluation thereof and sorting out all technical queries arising from the quotations and conducting negotiations with the firms
- (g) Preparation of techno-economic comparative statements.
- (h) Vetting and scrutiny of import-indent from indigenous angles.
- (i) Association with users to work out their short term, long term and life time requirements.
- (j) Maintenance of firm's performance registers
- (k) Checking availability of samples in sample rooms for preparation of drawings.
- (l) Coordination of work relating to clearance of items by Technical Committees.
- (m) Maintenance of statistics
- (n) Preparation and issue of agenda and minutes
- (o) Submission of agenda points for Central Technical Committee (CTC).
- (p) Compilation and submission of reports and returns to Department of Defence Supplies
- (q) Preparation of draft supply order
- (r) Preparation of trial directives and arranging meetings with General Staff, R&D and users for venue for trials required
- (s) Progressing of cases from the time of clearance to the finalisation of the supplies i.e. submission of prototype/pilot samples, trials, modification, evaluation of trial reports, extension of delivery periods etc.
- (t) Provision of samples to the manufacturers/quality assurance establishments.
- (u) Amendments to supply order
- (v) Negotiations with the firms due to increase in prices and arrangements of test facilities/test equipments etc.
- (w) Processing of cancellation of supply orders.
- (x) To monitor vendor assessment and their registration for Defence Supplies.

**(iii) Authority Holding Sealed Particulars (AHSP)**

Controllerates of Quality Assurance are the Authorities Holding Sealed Particulars (AHSP/Inspecting Authority). The functions of AHSP are as follows:

- 1) Preparation of paper particulars, updating the same and safe custody thereof;
- 2) Preparation/vetting of technical manuals for equipments.
- 3) Post procurement induction documentation
- 4) Industrial survey
- 5) Assistance in procurement of equipment
- 6) Quality assurance authority;
- 7) Defect investigation/product development/value engineering.
- 8) Testing facilities and workshops
- 9) Quality Assurance of imported stores, if necessary;
- 10) Standardisation
- 11) Technical user trials;
- 12) Consultancy;
- 13) Interaction with manufacturing sector;

**(iv) Proof Establishments**

Proof establishments under Directorate of Quality Assurance (Armaments), are situated at places considered suitable for carrying out proofing of the weapons, filled/empty ammunition and explosives manufactured by Ordnance Factories Private Firms or procured from Foreign Sources. They carry out trials as directed by DQA (Armaments). They tender feedback on the quality of stores produced in Ordnance Factories and also carry out proof check for ammunition and other components kept in Ordnance Depots.

**(v) Depot Advisory Cells (DAC) (Tech Cells)**

Depot Advisory Cells are located in important Ordnance Depots/Engineering Stores Depots for rendering technical advice to the Depot Authorities, sealing of samples, identification of stores, attending Tender Purchase Committee meetings, sampling of stores and also assist in working out of PV rates so requested.

**(vi) Sample Rooms (Defence Display Units)**

These are located at various metropolitan cities. At the moment they are located in Delhi, Mumbai, Chennai and Calcutta. The samples of various components requiring indigenization are displayed in these centers where prospective suppliers can see the samples and the specifications pertaining to these samples. Immediate and annual requirements are also displayed. The prospective suppliers can forward their quotations for the supply of these items to the Officer-in-charge, Defence Store Display Centre (DSDC).

**Defence Institute of Quality Assurance**

DIQA has become functional at Bangalore with effect from 19 Nov 1992 headed by a Brigadier as Director. This institution is responsible for planning, organising and imparting training to officers /personnel.

## Audit Procedure

### 864 (i) Directorate General Quality Assurance (DGQA)

(a) The main group to be audited in the DGQA is Directorate of Administration and Personnel management which issues policy directives on all administrative matters, manpower, sanctions for procurement of equipment and plant and machinery by lower formations. Sanctions/orders issued relating to other than financial matters may be examined to see functional efficiency of the organization.

(b) Audit of financial sanctions should be done on the lines mentioned in para 28 et seq Defence Audit Code (1972 edn) and chapter 26 of this manual.

### (ii) Technical Directorates

#### Audit Procedure :-

#### FLOW CHART OF DOCUMENTS TO BE SCRUTINISED IN TECHNICAL DIRECTORATES OF DIRECTOR GENERAL QUALITY ASSURANCE (DGQA)



| Document                 | Purpose   | Audit Points  |
|--------------------------|---|---|
| Indent File              | All Indents placed by service HQrs. are kept in this file. These indents which are duly certified by associate finance, are processed by technical committees for indigenous developments.  | <ol style="list-style-type: none"> <li>1. The indents should be certified by associate finance.</li> <li>2. There should not be any delay in processing of these indents.</li> </ol>  |
| Developmental Order File | Based on these indents technical committees/ department of defence supplies deal with developmental orders in the following way :- <ol style="list-style-type: none"> <li>1. Indigenous developments of stores.</li> <li>2. Productionisation of new items developed by DRDO through civil sector.</li> </ol> | <ol style="list-style-type: none"> <li>1. Whether minimum two resources have been developed for any new item?</li> <li>2. Supply should be a developmental cum production order with provision for supply of prescribed number of prototypes/advance samples for technical evaluation and user trials followed by bulk</li> </ol> |

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|  | <p>3. Development of trade sources for items partially/fully off loaded by Ordnance Factories. In identifying items for indigenization, the criteria followed is economic viability, technical feasibility and strategic importance.</p> | <p>production clearance and production indicating delivery schedule.</p> <p>3. The price charged should be fixed and reasonable.</p> <p>4. The terms and conditions should be clear and there should be no room for ambiguity or misconstruction therein.</p> <p>5. There should not be any delay in user trial which may result in price escalation.</p> |
|--|--|---|

In auditing the developmental orders placed/negotiated by the Department of Defence Supplies/Technical Committees, the risks involved and audit checks to be applied are as under:-

|  | <b>Risks</b>                       | <b>Audit Checks</b>  | <b>Auditable Documents</b>   |
|--|------------------------------------|--|--|
|  | <p>Delay in processing indents</p> | <p>It is to be ensured :-<br/>that there is no delay in processing indents for placement of orders and the time frame prescribed in Govt. of India, Ministry of Defence Department of Defence Production and Supplies O.M. No.4/29/86/D(S-I) dated 21.8.86 as amended from time to time is adhered to.</p>   | <p>Indent File.</p>  |
|  | <p>Conclusion of Contracts</p>     | <p>It is to be ensured :</p> <p>(i) that the contracts are concluded as per general conditions prescribed in Govt. of India, Ministry of Defence, Department of Defence Production &amp; Supplies O.M. No.4(3)/89-D(S-II) dated 8.11.89 as amended from time to time.</p> <p>(ii) that the prices fixed and considered reasonable are backed by relevant evidence/details in support.</p> <p>(iii) that in negotiating prices, manufacturers in some cases quote two rates; one with escalation and the other fixed. In accepting rates with escalation it</p> | <p>Developmental Order / Contract File</p> <p>Developmental Order / Contract File</p> <p>Developmental Order / Contract File</p> |

|  |                                |  |  |
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|  |                                | should be examined (A) how the prices finally paid compare with the firm prices offered and (B) in the event of extension of delivery schedules the benefit of price escalation is not allowed.  |  |
|  | Risk in execution of contracts | It is to be ensured :-<br>(i) that advance on account of payments made are as per guidelines prescribed in Ministry of Defence ID No.7(5)/80/DS dated 30.7.87 and that they are covered by valid bank guarantees.<br>(ii) that guidelines prescribed in Ministry of Defence Department of Defence Production & Supplies OM.No.4(1)/85/D(S-I) dated 20.9.86 and 23.11.87 for levy of liquidated damages are followed.   | Developmental Order File<br><br>Developmental Order File |
|  | Non monitoring of performance  | that monitoring of the performance of various Technical Committees is done.  | Technical Committee Reports.                             |
|  | Delay in Trial and Inspection  | It is to be ensured : -<br>(i) That user trials for acceptance of equipments are carried out expeditiously and delay in such trials does not result in price escalation.<br>(ii) That the supplies are got inspected by the consignee immediately on receipt to satisfy themselves that the supplies are complete in all respects and defects noticed after acceptance are notified within the prescribed warranty period for rectification/suitable financial recoveries. | Development Order File<br><br>Development Order File     |
|  | Miscellaneous                  | Coordinated procurement of complimentary item is resorted to or ensured.   | Indent File  |

**(iii) Controllerate of Quality Assurance (CQA)**

Controllerates of Quality Assurance are also the Authorised Holder of Sealed Particulars (AHSP). CsQA's office mainly consists of the following sections

1. **Administrative Section:** Dealing with all administrative and establishment matters.
2. **AHSP Section:** Finalisation, sealing and recording of all specifications of defence stores are done in this section.

3. **Drawing Section:** Dealing with finalisation of drawings and recording thereof defence stores.
4. **Technical Group:** Dealing with all Technical problems including investigation of 'Defective Reports' received from the users through Technical Directorates.
5. **Testing Laboratories:** Workshops where all testing are carried out.

(iv) **Functions of the DGQA**

The main functions of the DGQA are:

- (i) Formulation/control of specifications, drawings, technical literature and documents for defence equipment and stores,
- (ii) Undertaking quality assurance by testing and technical evaluation for service use.
- (iii) Providing all technical data and other basic inputs for standardisation, codification and cataloguing to Directorate of Standardisation,
- (iv) Establishment of sources for procurement.
- (v) Product improvement based on feedback from the end user.
- (vi) Keeping close liaison & maintaining interaction with civil sector industry from the initial staff of Development and productionisation of components and produce

**Quality Assurance Establishment (QAE)**

These are co-located with Production Units. The following are the main sections in Quality Assurance Offices:

- (a) **Administrative Section:** It is responsible for planning and coordination of manpower and material, training of all personnel and administration and welfare of personnel.
- (b) **Quality Assurance Section:** It is responsible for performance of all inspection tasks and indigenous manufacture activities with regard to Defence Stores.
- (c) **Sealed Particulars Section:** All cataloguing action, compilation of India list of changes, Parts Lists, Complete equipment schedules and other similar service document of stores is done in this Section. Identification of stores and certifying the Correctness of samples is also done in this section.
- (d) **Defect Investigation Section:** Its functions are as follows:
  - 1) Investigation of all defect reports received.
  - 2) Arranging for free replacing of defective components where the case so warrants it.
  - 3) Maintain statistics regarding defects
- (e) **Technical Service Section:** It is responsible for the maintenance of workshops for carrying out various tests and to make provision, accounting and maintenance of technical stores.

**865** (i) Quality Assurance Offices maintain the following accounts/documents

- (a) Cash accounts and allied documents



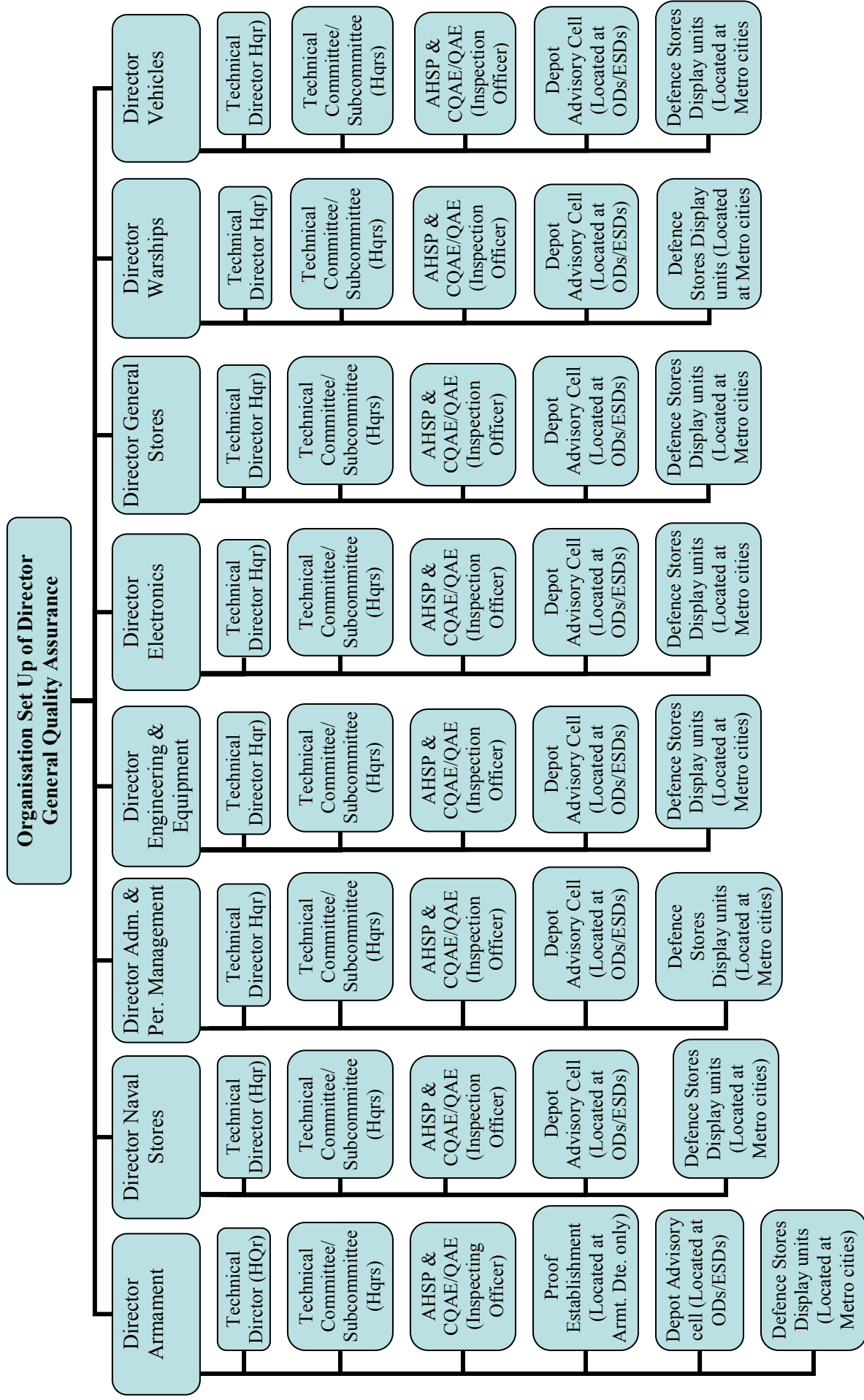


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|  |  | <p>warranty clause. In case where suitable price penalty for defective stores, if agreed upon by Inspection Authority/Consignee, it should be verified whether the same had been given effect to</p> <p>(iii) that delay in Inspection by Quality Assurance Officers does not lead to rejection of claims in respect of defective supplies so sentenced in inspection.</p> <p>(iv) that no inadequacies in inspection conducted prior to despatch of stores are noticed as evidenced.</p> <p>(v) that the inspection of stores having specific warranty period is tested before the end of that period to avoid losing the benefit of warranty due to delay in inspection.</p>   | <p>Developmental Order / Supply Order</p> <p>Developmental Order / Supply Order</p> <p>Developmental Order / Supply Order</p>   |
|  | Irregularities in inspection of stores | <p>It is to be ensured :-</p> <p>(i) that stores /ammunition imported carrying specific period of warranty are examined/ inspected on receipt within the specified periods to intimate defects to the supplier within the time limits stipulated in the contract.</p> <p>(ii) that in cases where more than one order have been placed on different dates on the same firm for supply of the same item at different rates, it should be ensured that stores are not tendered for inspection against order providing for higher rate while the supply against the earlier had not been completed 'and the period of supply had not expired.</p> <p>(iii) that Proper Quality Assurance procedure for inspection of stores is being followed.</p> <p>(iv) that there is no inordinate delays and lime lag between sentencing of samples and issue of Inspection notes.</p> <p>(v) that inspection gauges required by QA establishments will invariably be provided by the ordnance factories and condition and their</p> | <p>Developmental Order / Supply Order</p> <p>Developmental Order / Supply Order</p> <p>Developmental Order / Supply Order</p> <p>Developmental Order / Supply Order</p> <p>Developmental Order / Supply Order</p> |

|  |   |   |   |
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|  |   | <p>testing is being carried out at laid down periodicity,</p> <p>(vi) that the qualifications skill prescribed for various types of inspection jobs is adequate and whether suitable qualified/skilled personnel are deployed for the job.</p> <p>(vii) that the existing arrangements for training the newly posted/recruited staff for undertaking inspection of various stores, are adequate.</p>  | <p>Training File</p> <p>Training File</p>   |
|  | Incorrect specification / unauthorized modification | <p>(i) that specifications have been finalised in consultation with the users before indents are placed and that technical suitability with reference to specifications are communicated to the procurement agency without delay to avoid non utilization of equipment due to its technical non suitability.</p> <p>(ii) that unauthorised modifications to the design during production have not resulted in avoidable expenditure</p>   | <p>Supply Order / Developmental Order File</p> <p>Supply Order / Developmental Order File</p> |
|  | Non replacement of defective stores                 | That defect reports received from units should be scrutinised to see that in all such cases speedy action has been taken to replace the defective components and such defect reports do not reveal any lapses in inspection.  | Defect Report File  |
|  | Heavy rejections                                    | <p>(i) That cases of heavy rejections of stores and reasons for such rejection etc. have been reported to AHSP/HQ DGQA Organisation. Such reports are to be examined.</p> <p>(ii) Quality Assurance of Defence stores produced by the Ordnance Factories and PSU's is under taken by the various Quality Assurance Establishments or their Wings/detachments located along side these production establishments. Their reports may be examined to see whether any comments could be made in Audit.</p> <p>(iii) In CQA, Audit of functions of the Technical Group especially investigation of the users Defects Report may be carried out in detail</p> | <p>Defect Report File</p> <p>CQA Reports</p> <p>Defect Reports and CQA Reports</p>            |

|  |                                 |   |   |
|--|---------------------------------|---|---|
|  |                                 | <p>in respect of cases so identified. The position may please be checked up in the Ordnance Factory concerned to know about its present position,</p> <p>(iv) To examine cases where a particular item passed in inspection at one factory gets rejected by another inspection agency at the consignee's end, the quality parameters being followed at 2 ends are to be compared and discrepancies noticed either in quality parameters/inspection procedure or otherwise must be suitably highlighted.</p> <p>(v) Materials/Components once accepted may suffer ageing /damage and required to be reevaluated to ensure quality prior to utilization.</p> <p>(vi) Whether the QA establishments are having up to date documentation/Specifications/Technical information, drawing etc. to carry out the required evaluation of stores and based on these inputs and whether they provide guidance to the factories regarding production/procurement? Instances of rejection due to non availability of above may be noted.</p> | <p>CQA Reports</p> <p>CQA Reports</p> <p>QA Reports</p> |
|  | Under recovery                  | That rates for making available testing facilities to civil sector are reviewed periodically and rates revised taking into account circumstances that warrant such revision   | Recovery Documents                                      |
|  | Delay in rendering DGQA reports | That there is no delay in submitting periodical reports regarding production/quality Assurance Bottlenecks resulting in delay/holdup by heads of Quality Assurance Establishments as required by AHSP/HQ Defence Quality Assurance Organisation.  | DGQA Reports  |

**ANNEXURE-'A'**  
[Reference to in Para 862 (i)]



**Note:**

1. Technical Directorates are the controlling bodies who lay down policies/procedures.
2. The Technical Directorates assists the Department of Defence Supplies in Ministry of Defence in locating indigenous sources.
3. A.H.S.P. (Authorities Holding Sealed Particulars) are Controllerates of Quality Assurance (i.e. Inspecting Authority)
4. Q.A.E. (Quality Assurance Establishment) are Inspecting Officer and located in Ordnance Factories/Manufacturing Workshops. They are responsible for Quality Assurance and Quality Audit of bulk supplies and routine testing.
5. In DGQA Hq. Sanctions/Orders issued relating to other than financial matters may be examined in Test Audit to see functional efficiency of the organization.
6. In Technical Directorates the Test Audit is to see the processing of indents placed by Service Hq.

## CHAPTER 44

### RESEARCH AND DEVELOPMENT ORGANISATION

**867.** The Defence Research and Development Organisation (DRDO) is the largest Science and Technology Department of the Government of India with a network of 55 Laboratories and Establishments spread all over the country (*Annexure - I refers*). The DRDO is working towards enhancing self-reliance in Defence systems by undertaking several complex defence-related projects designed to achieve a high degree of self-reliance. It is pursuing Research and Development in emerging areas such as computational science, artificial intelligence and robotics, high-energy physics and systems engineering, Survival and support systems ranging from food and shelter to psychology and health care for the personnel of the Indian Armed Forces are also being developed.

The Department undertakes design and development leading to production of world-class weapon system and equipments in accordance with the expressed needs and the qualitative requirement laid down by the three services (Army, Navy and Air Force). The Department is working in various areas of Military Technology which include aeronautics, armaments, combat vehicles, electronics, instrumentation, engineering systems, missiles material, naval system, advanced computing, simulation and life sciences.

The Department undertakes staff project / programmes for development of Defence Systems and Research and Development Programmes in areas of emerging and futuristic technologies to build up expertise, competence and competitive edge, thrust being given to development of critical components, technologies and infrastructure. The Aeronautical Development Agency (ADA), a society funded by the Department is engaged in the development of Light Combat Aircraft (LCA).

The Department has adopted the development strategy of consortia partnership with academic institutions, R&D Laboratories of other Departments and industry in the public and the private sector for making optimum use of Science and Technology (S&T) expertise, technical know-how and industrial infrastructure available in the country.

Complex technological programmes are managed by multi tier management boards which ensure multi-layered reviews and monitoring, facilitating quick co-ordination, problem solving and smooth execution of the programmes / projects. Depending upon the cost and technical complexity of programmes, review processes have been instituted which includes both in-house and external panels, steering committees. Peer groups etc. The programmes are also reviewed at the apex level by the DRDO council chaired by the SA to R.M. and at the levels of service chiefs and Raksha Mantri. These reviews are carried out with active participation of representatives of the user services, production agencies and quality assurance organization.

To achieve qualitative integrity of the R&D programmes, DRDO has an institutionalised mechanism of internal project reviews right from the pre-sanction stage. These include feasibility stage review, design review, system review, trial readiness review post-trial analysis, failure analysis review, production readiness review and technology transfer review. A special feature of these reviews is that they

draw expertise from national S&T agencies, academic institutions, sister DRDO laboratories, user services, production agencies and quality control agencies.

1. a) The main function of the DRDO are:

- Research
- Technology development
- Systems development and integration
- Transfer of technology
- Production support to services
- Engineering support to services
- Education and training

b) Core competence:

- Aeronautics
- Armaments
- Combat vehicles and engineering
- Computing and combat simulation
- Electronics
- Life sciences
- Materials
- Missiles
- Naval R&D
- Training

2. Matters dealt with by DRDO are:

- I. (a) Apprising, assessing and advising RM on influence on national security of emerging developments in science & technology.
  - (b) Rendering advice to RM and the three services and inter service organization on all scientific aspects of weapons, weapon platforms, military operations, surveillance support and logistics in all likely theatres of conflict.
  - (c) To function with the concurrence of Ministry of External Affairs (MEA) as the nodal coordinating agency of Ministry of Defence on all matters relating to instruments of accord with foreign government relating to the acquisition of technologies whose export to India is the subject to national security related controls of foreign governments.
- II. (a) Formulation and execution of programmes of Scientific Research, Design, Development, Test and Evaluation in fields of relevance to national security.
  - (b) Direction and administration of agencies, Labs, Establishments, Ranges, Facilities, Programmes and projects of the Department.
  - (c) Aeronautical Development Agency.
  - (d) All matters relating to certification of the design airworthiness of Military aircraft, their equipment and stores.



- III (a) All matters relating to the protection and Transfer of technology generated by the activities of the Department, scientific analysis support and participation in acquisition and evaluation proceedings of all weapon systems and related technologies proposed to be acquired by the Ministry of Defence.
- (b) To render advice on technological and intellectual property aspects of import of technology by production units and enterprises, manufacturing or proposing to manufacture equipments and stores for the Armed Forces.
- IV In consultation with the MEA on international relations in matters connected with the science and Technology in national security including:
  - (a) Matters relating to relation with Research organization of other countries and with inter-governmental agencies particularly those which concern themselves, inter alia, with the scientific and technological aspects of national security.
  - (b) Arrangement with Universities, educational and research oriented institutions or bodies corporate abroad to provide for foreign scholarships and the training of Indian scientists and technologists under the administrative control of the Department.
- V (a) Financial and other material assistance to individuals, institutions and bodies corporate, for study and for training of manpower on aspects of science and technology that bear on national security.
- (b) Execution of works and purchase of lands.
- (c) All matters relating to personnel under the control of the department.
- VI.(a) Acquisition of all types of stores, equipments and services.
- (b) Any other activity assigned to, accepted by the department through understanding or arrangements with any other Ministry, Department, agency of the Government of India, whose activities have a bearing on the scientific and technological aspect of national security.

**868** (1) The actual R&D work of various laboratories all over the country is controlled by Technical Directorates of various disciplines (inclusive of civil works) viz:

- |                |  |
|----------------|--|
| Directorate of | <ol style="list-style-type: none"> <li>1. Civil Works and Estates - DCWE</li> <li>2. Advanced Computing and System Analysis- DACSA.</li> <li>3. Aeronautics - D. Aero</li> <li>4. Armaments - D. Armt.</li> <li>5. Biomedical and Allied sciences - D.BAS</li> <li>6. Combat Vehicles - DCV</li> <li>7. Electronics and Instrumentation DL&amp;I</li> <li>8. Engineering - D. Engg.</li> </ol> |
|----------------|--|

9. Material- DOM
10. Food and Agricultural Sciences - DFAS
11. Missiles
12. Naval Research and Development - DNRD.
13. Training and Documentation
14. Ranges.

The functions relating to manpower, budgeting, finance, material management, planning of projects, sponsored Research and Intellectual Property Rights are controlled by corporate Directorates viz:

- |                |  |
|----------------|--|
| Directorate of | 1. Management Services - DMS               |
|                | 2. Manpower Development - DMPD             |
|                | 3. Personnel / Personnel Services DOP      |
|                | 4. Budget Finance and Accounts DBFA        |
|                | 5. Material Management - DMM               |
|                | 6. Plan & Projects - DPP                   |
|                | 7. Tech Co-ord and IPR                     |
|                | 8. Vigilance and Security                  |
|                | 9. Raj Bhasha and O&M                      |
|                | 10. Recruitment and Assessment Centre -RAC |
|                | 11. Training and Sponsored Research DTSR   |
|                | 12. Personnel Assessment Centre PEACE      |

(2) List of various Laboratories is shown in *Annexure – ‘A’* of the chapter.

(3) DRDO's Rapid Online Network System (DRONA) connecting DRDO Headquarters and all its Laboratories through ISDN / VSAT link of Department of Telecommunication has been introduced vide DRDO/DACSA/0077/DRDO/Network/RD141/ D(R&D) dated 6/4/1998.

### **869 Budgeting in DRDO**

The system of projecting the Demands to Ministry of Defence is through Budget Estimates and Revised Estimates as received from various R&D Labs and their consolidation at R&D Headquarters

On concurrence of the Demand by the Ministry, allocations under the heads "Capital" and "Revenue" are made. Under the head "Revenue" purchase of material is the main head for which huge allocation is made. After reserving funds for maintenance and other essential activities (as estimated from the Labs projections) the remaining Fund allocations are prioritised in the following manner:

- i. CCPA programme
- ii. Projects costing over Rs.5 crores
- iii. Special schemes - Based an urgency and requirements projected.
- iv. Remaining Funds - towards projects costing less than Rs.5 crores, build up, Books, journals etc.

The purpose of expenditure under various heads is monitored through

compilation of expenditure every month by CDA (R&D).

**870 (i)** Staff projects are taken up at the instance of the services against existing or futuristic requirements with reference to qualitative requirements projected by them.

(a) The important stages in development cycle of a project are the following:

1. Initiation by the sponsor
2. Formulation of qualitative requirement (QR)
3. Feasibility study including design
4. Detailed design
5. Sanction of project or sanction of funds
6. Fabrication of prototypes
7. Technical trials
8. User trials
9. Acceptance of the equipment for introduction into service
10. Placement of bulk production order
11. Approval of pilot sample
12. Transfer of AHSP responsibility to Defence Production and Inspection Agency.

**(ii) Qualitative Requirement (QR)**

- (a) Once the necessity for the development of a new equipment is accepted, the broad technical specification, desired capabilities and characteristics of the equipment are laid down by the sponsor in the form of a statement which is known as "Draft Qualitative Requirements" for the equipment. It is forwarded to the R & D Establishment covered for comments. After completing the feasibility study, the QR is sent back to the sponsor with the suggested changes, if any, for approval. Once the QR is finally approved and accepted, the actual work on the projects starts. Formulation of QR can be said to be the firm starting point of a project.
- (b) The QR stipulates the functional characteristics of the proposed equipment, the terrain and weather conditions in which the equipment is likely to be used and its tactical applications. The time limit for the development of the equipment, the number of prototypes required for trials and the quantitative requirement after successful development are also mentioned. In short, the QR lays down the guidelines for the development of new equipment.
- (c) Under normal circumstances, the sponsor lays down the QR and it is received by the R&D Establishment / laboratory for carrying out the feasibility study. In case R&D is the sponsor, then draft QR is forwarded to Services Headquarter concerned for approval. The QR is formed in as realistic a manner as may be feasible taking into account the resources and technical capabilities in the country. In the formulation of the QRs by the Services, in addition to Defence R&D Organisation, the Department of Defence Production is also invariably

associated.

**(iii) Project Planning and Execution**

**(A) (i) Planning (Short Term + Long Term)**

Assessing User Requirements

GSQR + GSPS+ GSEPC

Preparing Project Proposals

Feasibility Study ( Proforma)

PDC

Date

Peer Review

Review Mechanisms

**(ii) Examination of Project Proposals at HQrs**

Technical Director

Dte of Plan & Coord

CCR&D

Integrated Finance

SA To RM

**(B) Project Execution**

**(i) Environment: Sanctions and Embargos, High-Tech, Complex Systems**

Core Competence + Manpower (Training & Consultancy)

Delegation of Financial Powers (Director + Programme Director)

Development Strategy

(JT. Dev, Agency or Lab. Concurrent Approach, Phased Dev)

Academy + Industry + Linkages, Vendor Dev + Industry

Interaction

Review & Monitoring Mechanism

-Cr, Drc. Parc, Pmc, Mul Ti.Tier Boards

User Trials + Certification

**(ii) PDC Extn & Cost Revision (Time & Cost Assessment Not Realistic)**

Users Orders + Tot & Documentation Maintenance Manual

Closure Report

Product Upgradation

**(iii) Factors Responsible for Success**

Good Planning & Implementation

User Commitment

Leadership and Team Work

Org. Culture (Reward and Award System, Creative Approach, Dynamism)

Development Strategy

### **(C) RDR Account**

1. Directors of Labs/Establishments may offer laboratory services and facilities to national/international agencies without in any way compromising national security needs.
2. Payments received as Compensation for offering of such services and facilities will be made through crossed cheques drawn in favour of CDA (R&D) New Delhi.
3. A Committee under the Lab Director with a member from Finance will cost the products/services. (Fixed overheads to be charged at 150% of the direct labour cost).
4. Costs after vetting will be promulgated and held for a period of 1 to 2 years.
5. **Profit.** The profit element is to take into account the market rate what the market can bear.
6. **Negotiations.** A Committee under Chief Controller or Director of the Lab is to negotiate for the fabrication of products or purchase of services.
7. On conclusion of a contract an ink signed copy is sent to the concerned Pay Office.
8. Each RDR project is allotted a unique number in serial order.
9. All documents of financial nature would bear the job number.
10. Separate stores/ledgers are maintained for accounting of RDR Project activities by concerned Laboratories/Establishments executing the project.
11. After execution, the receipt and expenditure on a Job are reconciled.

**(b)** The above stages would be divided into clear cut four phases as follows:

1. Pre-project phase - Up to feasibility study and finalisation of Qualitative Requirement
2. Pre development phase - Includes detailed design upto placement of order for development of prototype-I.
3. Final Development phase Fabrication of Prototype to user trials.
4. Early production phase - Starts with acceptance of phase the equipment for introduction into service and ends with handing over of the AHSP responsibility.

### **(D) Feasibility Study Peer Review & Date analysis**

#### **1) Definitions:**

Contract/Project Officer/Contract Price etc.

#### **2) Headings of the conditions**

Only for reference & shall not affect the interpretation or construction thereof

#### **3) Secrecy**

Vendor has to abide by Indian Official Secrets Act 1923.

#### **4) Contract Documents**

All the specifications, design, drawings shall be returned

For commercial exploitation: Written consent to be obtained (2% royalty of sale value)

**5) Assistance in Procurement of Men & Materials**

Full responsibility with regard to Execution of Contract lies with the Contractor

In event of any assistance, proportionate reduction in contract value

**6) Discrepancies in Documents**

If there are any varying or conflicting provisions in the documents forming part of the contract, the accepting officers shall be sole deciding authority

**7) Deviations**

The contractor shall not be entitled to make any additions.

Government shall reimburse any Expenditure incurred on the modification

**8) Suspension of Work**

The contractor shall suspend execution of the work whenever called upon by Director to do so.

No idle time wages

Extension of Delivery time is given on account of this.

Non-compliance of Delivery schedule Government can terminate if it's not a force majeure

Cost of Stores shall be re-imbursed incase of any damage

Issue of materials (Govt assisted) shall not be for any other purpose

**9) Time/Delay & Extension**

Exempted beyond human control at the sole discretion of Director

Liquidated Damages  $\frac{1}{2}$  % per week upto ceiling of 10 % of the total contract value

**10) Patent rights**

The contractor is liable for payment of royalty for infringement of use of any patent or Design

**11) Taxes & Duties**

Taxes, levies & Duties, stamp paper & agreement form shall be borne by Contractor

Government shall issue appropriate contract forms Forms C/D/ Exemption Certificates based on the request made by firm.

**12) Assignment or transfer of Control:**

Sublet, lease, assign or transfer the contract to any third party shall be with the prior approval of the Accepting Officer

**13) Notices:**

All notices by Registered Post to the address given

**14) Admission to Premises**

Visit to the premises of the Contractor by the Accepting Officer

shall be permitted by the Contractor to notice any discrepancy

**15) Warranty**

Necessary Warranty shall be given by the Contractor  
Replacement shall be within a period of one month from the date of Notice  
Time taken for replacement shall be added to the balance of Warranty Period

**16) Hidden Work**

The contractor shall given atleast 10 days advance notice for enabling to inspecting the concealed work  
Beyond this Period shall be at Government Expense

**17) Approval of Work by stages**

10 days advance notice  
Any dispute in this respect the decision of the Director shall be final

**18) Execution of Work**

Execution of work shall be to satisfaction of the Director

**19) Liquidated Damage**

$\frac{1}{2}$  % per week maximum ceiling of 5 %

**20) Set Off**

Any sum due under this contract shall be paid by the Contractor without Objection

**21) Laws Governing the Contract**

Laws shall be governed by the Laws of India

**22) Cancellation of Contract**

Paying Kickbacks to Accepting Officers  
Promising Incentives to Government Servants  
Indulges in any other Corrupt Practices

**b) Insolvency**

Firm/Company/Individual declared insolvent as per Insolvency Act or by Court

**c) For Contractor's Default**

**23) Bills**

Pre-receipted Bills in triplicate to CDA(R&D) through Director for Certification  
Debitable Head 50H1

**24) Payments**

Unless otherwise agreed to, the payment made to the Contractor:

- a) Initial Installment 30%(Fixed Price)  
Second Installment 30%)  
Third Installment.35%,(work is completed)  
Balance at the Expiry of Warranty period

- b) 80% of the Cost of Works Completed during previous month

on basis of acceptance Certificate (Cost plus Contract)  
10% of total cost on successful completion of trials  
5% of Total cost on completion of cost analysis checking up  
5% of Total Cost on expiry of Warranty period

c) Advance can be given only against BG from a Schedule Bank

**25) Packing**

Door Delivery, of stores at Establishment by Contractor

**26) Security of Stores**

Stores held in his premises shall be at Contractor's list

**27) Security Deposit**

Not exceeding 10% of the Contract Price in the form of BG

**28) Book Examination**

Contractor shall produce connected documents for examination

**29) The progress report**

Shall be submitted by Contractors as per agreement

**30) Agreement**

Successful Tenderer will have to execute an agreement

**31) Delegation of Powers**

Director can delegate powers at his discretion of his delegated powers

**32) Default**

Cancellation by Default requires a 3 months notice by other party  
Failure to respond within 3 months leads to termination of Contract

**33) Winding-up**

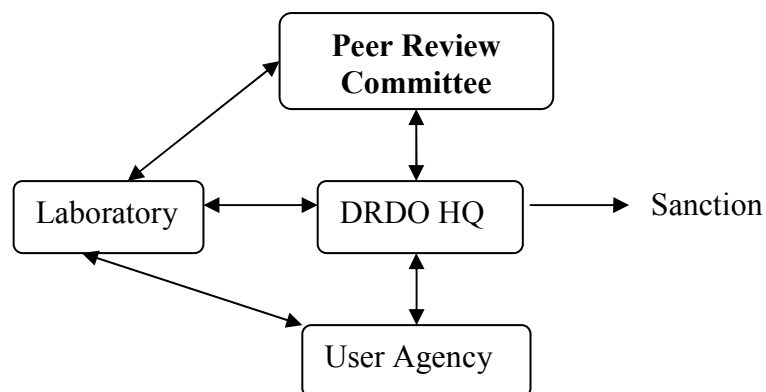
Government can cancel within 15 days from the receipt of Decree/  
Order from Court

**34) Arbitration**

CC(R&D) shall be sole arbitrator or his appointed representative

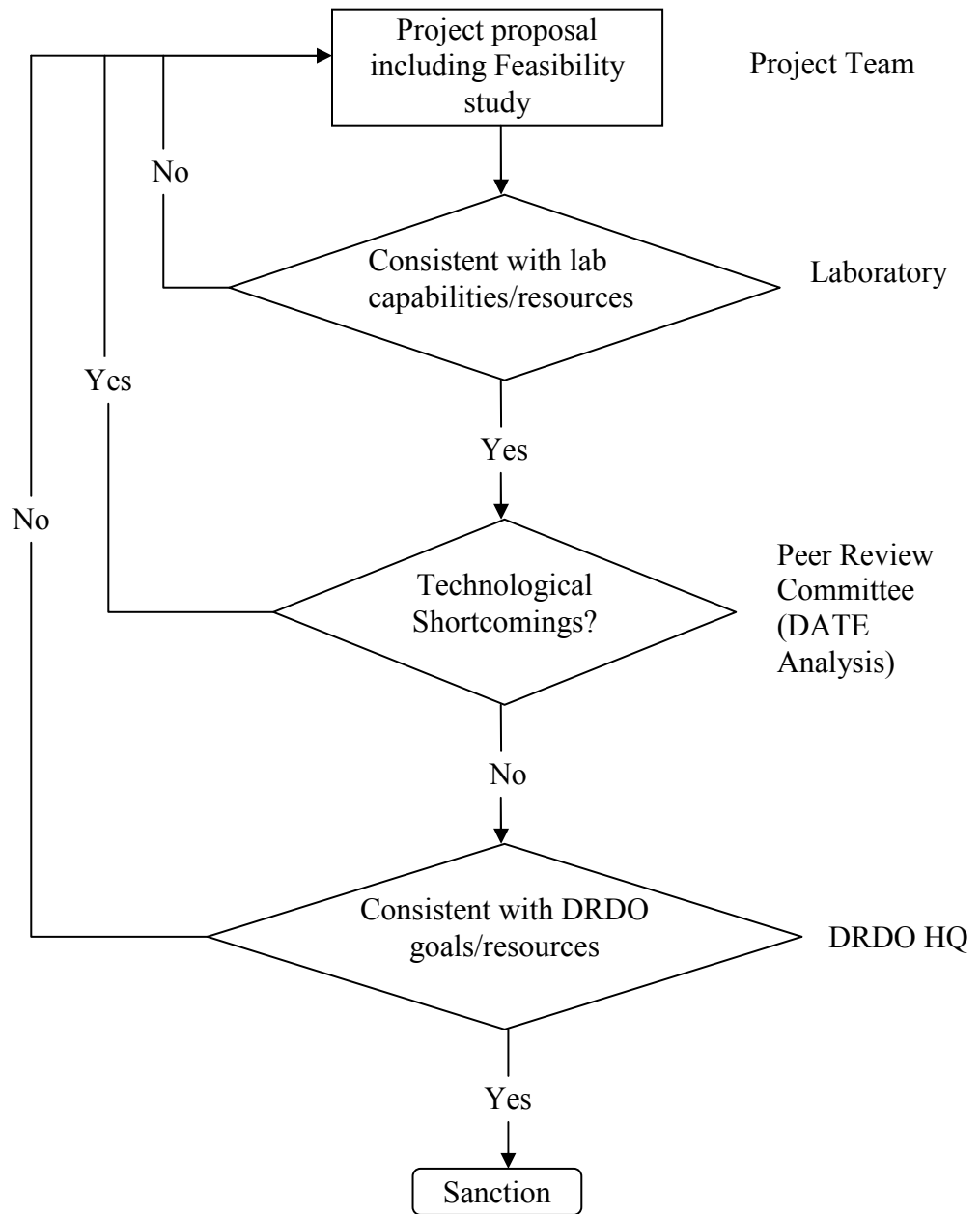
**(E) Sanctioning of Projects**

**Agencies Involved in DRDO Project Sanction**





## Project Sanction Process



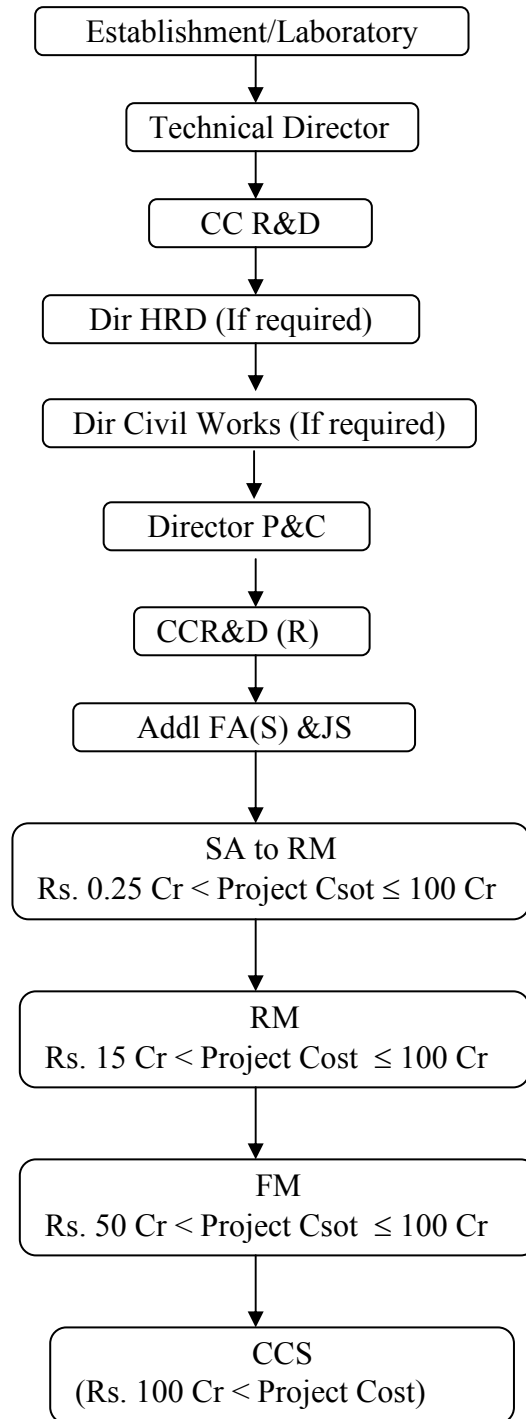
## Authority for Sanctioning Projects

| Project Sanctioning Authority | Project Cos    |
|-------------------------------|----------------|
| Lab Director                  | 5 lakh         |
| Tech Director                 | 10kh           |
| Chief Controller              | 25 lakh        |
| SA To RM                      | 0.25 -15 crore |
| Raksha Mantri                 | 15-50 crore    |
| Finance Minister              | 50- 100 crore  |
| CCS                           | >= 100 crore   |

Issue of Sanction

Formal Government Sanction issued  
Cost &. PDC given  
Revised Sanction is required if Project not completed within  
Sanctioned Cost/PDC

### Steps involved in Sanction of Project



(iv) Based on feasibility studies, time frame and cost frame, possibilities of productionisation, sanction is accorded for development of the equipment/system. The sanctions accorded take into account fund requirements needed for procurement of

imported and indigenous equipments as well as man-power requirements. A project allotted to a laboratory can be executed by the Laboratory or contracted out by the Laboratory /Establishment under its own supervision and control. Staff projects pertaining to the Services /Discipline are identified by prefix given to project numbers as under:

SL - Army

SN - Navy

SA - Air Force

SS - Inter Service

SM - Medical

**871.** Competence building R &D projects are taken up by the Laboratories/Establishments sanctioned at appropriate levels, to pursue an idea or concept, develop a new technology, theoretical studies, acquiring expertise in an emerging field, leading to demonstration of a technology or a new developed item with possibility of being productionised, if services take an interest in the developed item. Equipments required for such projects are projected to the Equipment Procurement Committee for their consideration and recommendations. Items recommended by the Equipment Procurement Committee (EPC) are procured.

**872.** Research and Development Organisation are governed by the provisions of Government of India, Ministry of Defence letter No. DMM/PP/0000203/M/3045/D(R&D) dated 21.9.2003 in regard to purchase procedure to be adopted by them and are exempted from the purview of DGS & D for its purchases.

**873.** Scientific and technical instruments and equipments imported by public funded institutions, for research purposes, are exempt from payment of customs duty, subject to production of two certificates viz. (i) Not manufactured in India to be obtained from the prescribed competent authority and (ii) Customs duty exemption certificate from the Ministry of Defence for duty free clearance. Similarly consumables imported by Public Funded institutions are also exempt from payment of customs duty subject to certain financial ceiling on production of a certificate from the head of the institution. For purposes of getting the customs duty exemption a pass book system has been introduced under Ministry of Defence letter No.24012/2/RD-29(a) dated 14.9.88.

**874.** Civil works requirements are projected for and sanctioned to synchronise with the receipt of equipment and installation thereof, as part of the sanctioned development project or otherwise.

**875.** Staff projects taken up for execution; undergo different stages of design and development activity leading to fabrication of prototype (Lab. Model) which are subjected to design and technical trials. Further, prototypes manufactured based on results of design and technical trials are offered to users for trials, improvement, retrials etc. till acceptance and introduction into service and productionisation. The progress achieved in development with reference to cost frame and time frame is monitored/reviewed by R&D panels/Committees concerned constituted for the purpose.

**876.** The following are the important sections in the R&D Establishment/Laboratories.

(i) **Design and Drawing division:** This division handles aspects/ problems connected with new design, defects/ drawbacks *of* old designs and prepares drawings for manufacturing prototype and modification drawing.

(ii) **Stores /Workshops section:** This section deals with procurement and stocking of stores required for the various research projects. The workshops attached to this section, undertake manufacture / fabrication work related to the various projects.

(iii) **Planning and coordination:** This section watches the progress *of* the projects and sends periodical reports to DR DO and other authorities as prescribed. Project reports in respect of each project are kept in the section which also deals with the reports/minutes *of* the various panels/committees.

(iv) **Laboratories:** Laboratories handle various equipments necessary for conducting the development /research work.

v) **Administration:** to deal with the administration *of* the Laboratory/Establishment.

**877** (i) The accounts maintained are

- (a) Cash Accounts
- (b) Local Purchase Registers
- (c) Stock Registers
- (d) Project Registers
- (e) Check Rolls
- (f) MT Accounts etc.

(ii) The other documents that should be subjected to scrutiny during audit are Corporate Review Documents and Annual Reports, files relating to the Staff projects / R & D projects undertaken and proceedings and minutes of the meetings of the various panels / Committees relating to the projects.

(iii) **Disposal of Obsolete Computers**

1. With the rapid advancement in technology and software support available, there has been a fast rate of obsolescence of PC-XTs and ATs (286) coupled with non-availability of maintenance support (due to poor demand and unsuitability for advance application) and un-profitability to Government even on their upgradation to other higher process. Hence, the only alternative left is to donate/dispose the above PCs and remove them from the main stock and ensure proper Inventory control. The following guideline to be kept in mind while donating or disposing PC-XTs and ATs (286) which have been declared surplus/ obsolete by the Establishment/Labs:

- I) PCs considered for disposal/donation must be more than 5 years old and preferably in working condition.
- II) No expenditure to be incurred on PCs for making it operational before disposal.
- III) Deletion of all information from the PCs to be disposed of.

- IV) Order of priority for donation/disposal shall be as under:
- a) By Donation free of cost of DRDO run schools provided computer education exists, in consultation with DACSA, Directorate of Management Services, DRDO HQ and IFA R&D.
  - b) By sale to other Educational Institutions managed by Government/by donation free of cost to non-profit literary institutions on specific approval from Government.
  - c) By sale to DRDO employees by following normal rules and procedures as stated in Para-VI below.
- V) Each Establishment/Lab/Headquarters will restrict that donation/disposal as underlined above to their respective station. For purpose of uniformity, Establishments/Labs located in the same station may mutually decide the scope of disposal/donation if considered necessary in the interest of state. However, disposal through sale to DRDO personnel shall be restricted to the personnel of the concerned Establishment/Lab only.
- VI) After fully meeting the demands of DRDO run schools and other educational institutions, any left over PCs could be offered for sale to DRDO personnel through a notification to be displayed on the notice Boards of Establishments/Labs. The sale shall be on first come first serve basis unless the demand is more than the available PCs in which case through draw of lots in the presence of staff representatives. Not more than 1 PC shall be given to any employee and will be strictly on 'as is where is basis.
- VII) RG prices for disposal shall be worked out by a local committee with a representative drawn from the local CDA (R&D) on the basis of guidelines issued in the Companies Act for working out the depreciated value of Computers as per Annexure 'A' and other factors observed by the Committee at that point of time, which shall include the configuration and age of the PC to be disposed of general escalation since the date of purchase, or the present prevailing price in the Market including other factors mentioned in Para-3 of Appendix 'A'. Printers and CVTs will not be included in PC configuration.

### **Audit Procedure**

**878.** (i) The Audit of Defence Research and Development organisation is distributed between the DGA DS New Delhi and Pr. D.A(AF/N) New Delhi. The execution of a project is not confined to one R&D Lab alone but involves several R&D Labs in view of integration of multiple components of a project. Hence in auditing a project, sub-projects involved are first to be identified and the progress determined in each to arrive at the complete picture in its audit.

- (ii) The approach of audit while reviewing a R&D Project should be:
- (a) not to deter the morale of the scientists by resorting to criticism of the work of individual scientists, criticism, if any, should be directed against the system as a whole:
  - (b) no criticism should be made based on hind sight; audit would do well, if it plays a supplementary role to improve the managerial techniques.

- (c) inherent failures of a R&D project has to be accepted and audit should desist from passing conventional judgements
- (d) performance should be matched with targets; audit judgement should be based on performance parameters laid down by scientists themselves;
- (e) the implementation of the recommendations made by various committees appointed to give more tempo and thrust to research activities should be watched;
- (f) the limitation of audit on basic Research Projects is to be noted and the audit scrutiny should be on Applied Research Projects;
- (g) duplication of research efforts should be looked into;
- (h) the sensitive nature of Research project should be taken note of;
- (i) the fruits of scientific effort passed on for productionisation should be specifically looked into.

(iii) Cash Accounts, Local Purchase Registers, M.T accounts etc. would be subjected to audit as brought out in Chapter 28.

(iv) Major staff projects taken up for development should be examined critically with a view to finding out;

- (a) the cost and time frame estimated by the Laboratory/ Establishment and DRDO based on feasibility studies undertaken with reference to draft qualitative requirement projected by the user services inter alia, indicating the periods by which such requirements are to be made available as approved by CCPNEFC (if necessary) before Government sanction.
- (b) the production agency nominated;
- (c) the manpower requirements and requirements of equipments and stores and how such requirements have been met;
- (d) progress made in the development of prototype, results of user trials, defects / drawbacks noticed and action taken to overcome such defects etc. leading to ultimate acceptance or otherwise of the developed item / system.
- (e) monitoring of the progress by the Panels/Committees with a view to analysing the reasons for time ~nd cost overrun and steps taken to minimise them;
- (f) in the event of cost and time overrun how such cost and time overrun had effected the user services and whether the requirements of the Services had to be met by imports etc;
- (g) how projects successfully completed have been productionised;
- (h) The role of the director of the laboratory or institute and the project investigator needs to be examined in regard to periodical financial & physical progress in order to avoid retention of unutilized financial resources.
- (v) In the case of projects completed, the aspects to be seen are:
  - (a) The expenditure is within the sanctioned amount and in case of increased expenditure the same is covered by revised sanction.

(b) There are no avoidable local purchases and in the event of saving in expenditure, amounts so available are not utilised for procuring equipments against the project and transferring the same subsequently to competence build up.

(vi) Equipment/Stores procured should be examined with a view to ensuring:

(a) They have been procured as per the provisions of purchase procedure applicable and that such procurement do not indicate any special features

(b) Arrangements exist for keeping an account of materials issued for particular research jobs

(c) Items of equipment are not procured against projects towards closing stage.

(d) Machinery usage cards are maintained in respect of costly equipment

(e) Equipment procured for competence build up are put to use.

(f) Customs duty exemption where applicable is obtained before clearance, by operating the pass book system instead of paying duty and going in for time consuming refunds later

(g) Agency commission payable to Indian agents of foreign suppliers do not exceed the maximum prescribed as per existing orders.

(h) Works services required for installation specifically sanctioned are completed in time to synchronise with the receipt of the equipment and that delays do not occur affecting the warranty available for equipments procured.

(i) Equipment found defective on commissioning are rectified expeditiously.

(vii) Projects foreclosed should be examined to find out whether

(a) such closure was due to inabilities arising in development

(b) Changes were due to technological advancements

(viii) It has to be borne in mind that the Research Units undertake development of projects based on sanction communicated by Army Headquarters/Naval Headquarters/Air Headquarters. If these authorities subsequently change the decision and consequently, certain expenditure on some projects become useless, as some times, the technology developed in fast-evolving, frontier areas of science often proves to be of little or no utility on account of obsolescence. Audit should first find out from the planning authorities in the Ministry or Armed Forces Headquarters, the exact reason for the change in the stand and whether such obsolescence could have been avoided. Audit should refrain from making any comments before ascertaining the exact position and reaching any definite conclusion. In a situation, therefore, where reasons for changes in the stand are not available with the Research Unit taken up for audit, the matter should instead of being taken up with the unit through observation list, be referred to by the Command Officers to Headquarters office for further examination.

(ix) The agreement governing transfer of technology would need to be scrutinised in details. The lump sum premier or recurring royalties earned during the last few years should be analysed & reasons for large variation, if any, ascertained.

(x) audit should also verify check that proper and adequate systems and procedures are avoidable to safeguard and project the intellectual property rights of

the Deptt/Institutions & it should also examine publication of research papers for evaluating performances of the institution & Deptt.

(xi) The Audit should analyse the manpower management of the laboratory/institution based on guide lines issued by the scientific departments with a view to see scientific/Technical manpower of the laboratory/institution is commensurate with its activities.

(xii) Chapter 18 (Audit of Scientific Deptt.) of C&AG MSO (Audit) revised edition 2002 may also be consulted.



**ANNEXURE-A**  
**[Reference to in Para 868 (2)]**

**Zonal wise DRDO Laboratories and Establishments**

**Bangalore Zone**

1. LRDE                      Electronics and Radar Development Establishment, Bangalore
2. ADA                        Aeronautical Development Agency
3. ADE                        Aeronautical Development Establishment, Bangalore
4. CABS                       Centre or Air Borne System, Bangalore
5. CAIR                       Centre for Artificial Intelligence and Robotics, Bangalore
6. CASSA                      Centre for Aeronautical System Studies and Analysis
7. CEMILAC                  Centre for Military Air Worthiness and Certification
8. CVRDE                     Combat Vehicles Research and Development, Chennai/Avadi
9. DARE                       Defence Avionics Research Establishment, Bangalore
10. DEBEL                     Defence Bio-Engineering and Electromedical Laboratory, Bangalore
11. DFRL                      Defence Food Research Laboratory, Mysore
12. GTRE                      Gas Turbine Research Establishment, Bangalore
13. MTRDC                    Microwave Tube R&D Centre, Bangalore
14. NPOL                      Naval Physical & Oceanographic Laboratory, Kochi

**Hyderabad Zone**

1. ANURAG                    Advanced Numerical Research and Analysis Group, Hyderabad
2. ASIEO                      Advanced Systems Integration and Evaluation Organisation, Hyderabad
3. DLRL                       Defence Electronics Research Laboratory, Hyderabad
4. ELSEC
5. ITR                         Interim Test Range, Balasore/Chandipur
6. NSTL                        Naval Science and Technological Laboratory, Visakhapatnam
7. PGAD
8. PXE                         Proof and Experimental Establishment, Chandipur
9. RCI                         Research Centre Imarat, Hyderabad
10. DRDL                      Defence Research and Development Laboratory, Hyderabad

**Pune Zone**

1. ARDE                        Armament Research and Development Establishment, Pune
2. R&DE                        Research and Development Establishment (Engineers), Pune
3. HEMRL                      High Energy Material Research Laboratory, Pune
4. IAT                         Institute of Armament Technology, Pune
5. NMRL                        Naval Metallurgical Research Laboratory, Ambernath
6. VRDE                        Vehicles Research and Development Establishment, Ahmednagar

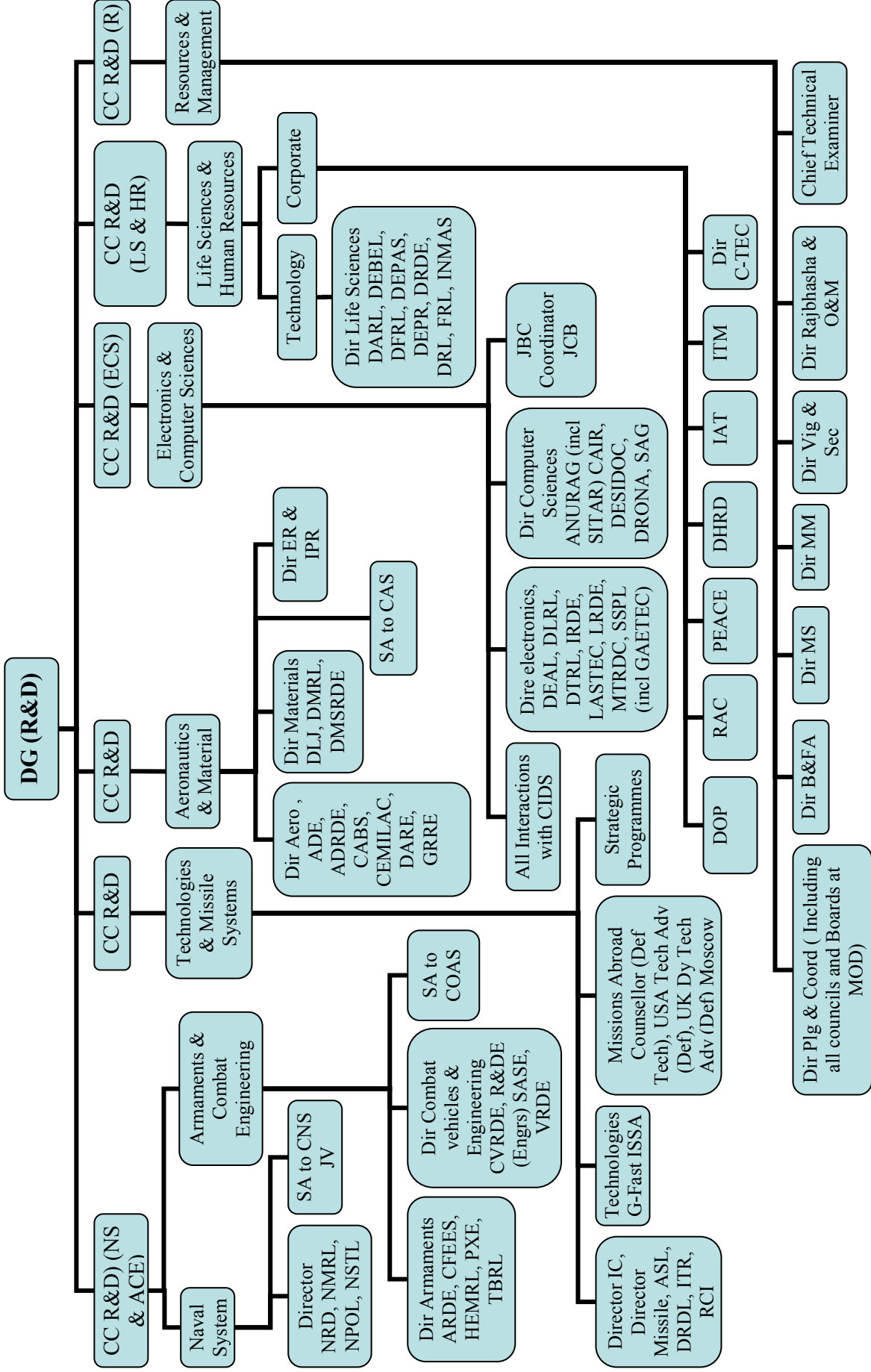
### **Delhi Zone**

1. DESIDOC Defence Scientific Information and Documentation Centre, Delhi
2. CFEES Centre for Fire, Explosive and Environment Safety, Delhi
3. DIPR Defence Institute of Physiology Research, Delhi
4. DLJ Defence Laboratory, Jodhpur
5. DRDE Defence R&D Establishment, Gwalior
6. GFAST
7. DTRL Defence Terrain Research Laboratory, Delhi
8. INMAS Institute of Nuclear Medicine and Allied Sciences, Delhi
9. ISSA Institute of System Studies and Analysis, Delhi
10. LASTEC Laser Technology Centre, Delhi
11. PEACE Personnel Assessment Centre
12. RAC Recruitment and assessment center.
13. SAG System analysis Group, Delhi
14. SSPL Solid State Physical Laboratory, Delhi
15. DIPR Defence Institute of Physiological Research, Delhi

### **Dehradun Zone**

1. DEAL Defence Electronics Application Laboratory, Dehradun
2. ADRDE Aerial Delivery Research and Development Establishment, Agra
3. DARL Defence Agricultural Research Laboratory, Pithoragarh
4. DMSRDE Defence Material and Stores Research and Development Establishment, Kanpur
5. DRL Defence Research Laboratory, Tezpur
6. FRL Food Research Laboratory, C/o 56 APO
7. IRDE Instrument Research and Development Establishment, Dehradun
8. ITM Institute of Technology Management, Mussoori
9. SASE Snow and Avalanche Study Establishment, Chandigarh
10. TBRL Terminal Ballistic Research Laboratory, Chandigarh

**ANNEXURE-B**  
**Scientific Adviser to Raksha Mantri (SA to RM)**  
**Secretary- Deptt of Defence Research & Development**  
**Director General Research & Development (DG R&D)**



**ANNEXURE 'C'**

**SCHEDULE OF FINANCIAL POWERS VESTED WITH THE DGR&D AND DIRECTORS/HEADS OF DEFENCE R&D ESTABLISHMENT./LABS**

|          |   | Monetary and other limits upto which expenditure can be incurred by  |   |
|----------|---|--|---|
| Item No. | Item of Expenditure   | DGR&D  | Directors/Heads/ Officer-in- Charge of laboratories / Independent Units of Defence R&D Organisation                                 |
| 1        | 2   | 3  | 4   |
|          | <b>SANCTION OF MANPOWER</b>   |  |   |
| 1.       | Creation of temporary posts industrial and non-industrial   | Class II, III & IV posts for a period not exceeding two years.<br>(* power withdrawn till further orders)                                      | * Class III non-selection posts and class IV posts for a period not exceeding six months<br>(* power withdrawn till further orders) |
| 2.       | Creation of temporary industrial and non-industrial posts (scientific & technical) for attachment to other agencies under the Defence Services which are entrusted with specific Development Projects | * Class II, III & IV posts for a period not exceeding two years<br>(* power withdrawn till further orders)                                     |   |
| 3.       | <b>SANCTION OF DEVELOPMENT PROEJCT</b>  |  |   |
|          | Sanction for undertaking research & development projects  | Rs. 50 lakh per project  | Rs. 10 lakh per project   |
| 4.       | Sanction for adjustment of expenditure under different component heads of schemes/projects within the sanctioned amount   | Upto 20% from one component to another component with a provision the increase against any component does not exceed 20 % of its original cost | Upto 10% from one component with a provision that increase against any component does not exceed 10% of its original cost.          |
| 5.       | Sanction of expenditure for purchase of computers and software including accessories and stationery   | Merged with item No.8 & 9  | Merged with item No.8 & 9   |
|          | Sanction of expenditure for farming out Grants-in-Aid projects to educational institutions/research units etc. for carrying out R&D work on   | Upto Rs. 50 lakh per project   |   |

|     |   |  |   |
|-----|---|--|---|
|     | problems of interest to Defence Services.   |  |   |
| 7.  | Hiring of computer time   | Merged with item No.8 & 9  | Merged with item No.8 & 9   |
|     | <b>SANCTION OF PURCHASE &amp; DISPOSAL OF MATERIAL/EQUIPMENT</b>  |  |   |
| 8.  | Sanction of expenditure for purchase of scientific equipment, material for lab workshop etc.  | (i) Rs 5 crore in each case for items of purchase on single tender basis.<br>ii) Rs 5 crore in each case for items of purchase on proprietary basis.<br>(iii) Rs 5 crore in each case for items of purchase on limited/ open /global tender basis. | (i) Rs 2 lakh in each case for items of purchase on single tender basis<br>(ii) Rs 20 lakhs in each case for items of purchase on proprietary basis<br>(iii) Rs 50 lakhs in each case for items of purchase on limited /open / global tender basis. |
| 9.  | Sanction of expenditure for purchase etc required for specific sanctioned projects/schemes  | Full powers within the limits of the sanction for the project/scheme   | Full powers within the limits of the sanction for the project/scheme  |
| 10. | Transit Insurance of scientific equipment /material   | Full powers  | Full powers   |
| 11. | Despatch of materials/ equipment by route other than shortest route or cheapest mode of carriage to meet urgent requirement                                     | Full powers  | Rs. 20.000 in each case   |
| 12. | Transportation of material/ equipment by road between stations connected by rail  | Full powers  | Full powers   |
| 13. | Sanction of expenditure for airlift of material/equipment   | Full powers  | Rs. 2 lakh in each case   |
| 14. | Requisitioning equipment/ material on loan from the services  | Full powers for a period of 3 years  | Full powers for uncontrolled stores for a period of 3 years   |
| 15. | Issue of materials/equipment on loan to other branches of Defence Services  | Full powers  | Full powers for maximum period of 3 years   |
| 16. | Issue of material/equipment on loan to other Ministries. State Governments. Departments Public Sector Undertakings. Research and Educational Institutions. etc, | Book value not exceeding Rs 25 lakh at a time, for a maximum period of 3 years   |   |

|     |  |   |  |
|-----|--|---|--|
| 17. | Sanction of expenditure for testing of samples/equipment developed by the Defence R&D Organisation by entrusting the work to other Government Department. Public Sector Undertakings. etc,   | Full powers   | Full powers  |
| 18. | Sanction of expenditure for minor repairs to motor vehicles held on charge of Defence Establishments/Labs R&D  | Full powers   | Rs. 25,000/- per year per vehicle  |
| 19. | Declaration and disposal of surplus/obsolete stores:-<br>(a) Through the central disposal Organisations like DGS&D, COD, MSTC etc,<br>(b) By local contract  | Full powers   | Full powers  |
| 20. | Disposal of unserviceable stores   | Full powers   | Full powers  |
| 21. | Supply on payment of Materials/ equipment fabricated by the Defence R.&D Labs/Establishments to Government Deptt, Public Sector Undertakings or private parties for executing contracts or orders placed by Defence Organisations  | Full powers   | Full powers  |
| 22. | Advance payment including part payment thereof. in respect of supply orders placed under direct purchase powers.<br>(a) to the Government Deptts and Public Sector Undertakings for the purchase of equipment and stores,<br>(b) to the private firms for the purchase of plants, machineries, stores and equipment<br><br>(c) to the private firms for the purchase of stores/requisition | 100% in advance where ever insisted upon as per normal terms of the suppliers<br><br>95% payment in advance where-ever insisted upon on the strength of inspection & dispatch documents. Balance 5% payments after receipt of stores in full & good condition & installation/satisfactory working of plant and machinery.<br>Upto Rs. 1 lakh in each case | 100% in advance where-ever insisted upon as per normal terms of suppliers<br><br>95% payment in advance where-ever insisted upon on the strength of inspection & dispatch documents. Balance 5% payment after receipt of stores in full & good condition, and installation/ satisfactory working of plant and machinery.<br>Upto Rs. 50.000 in each case |

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|     | <i>of services</i><br>(d) to the foreign firms for opening letters <i>of credit/sight drafts</i> for imports under OGL/otherwise  | 100% in advance where ever insisted upon | 100% in advance wherever insisted upon. |
| 23. | Advance payment on account of charges payable in respect <i>of contracts</i> for periodical servicing and maintenance, defect investigations. repairs etc. <i>of all types of eqpts. &amp; machinery</i> including lifts stand by generating sets. air conditioning equipment held/installed in R&D Establishments/ Labs/Project Sites. | Full Powers                              | Full Powers                             |
|     | <b>WRITE OFF OF LOSSES AND AUDIT OBJECTIONS</b>   |  |   |
| 24. | Sanction <i>for</i> writing off of losses of Public Stores<br>(a) Not due to (theft. fraud or gross neglect<br>(b) Due to theft fraud gross neglect   | Rs. 2,00,000<br>Rs. 75,000               | Rs 15,000                               |
| 25. | Sanction for writing off of losses of public money<br>a) Not due to then fraud or gross neglect.<br>b) Due to theft. fraud or gross neglect   | Rs. 75,000<br>Rs. 50,000                 | Rs 5,000                                |
| 26. | Sanction for writing off of losses caused to R&D building by storm or other natural calamities  | Rs. 5,00,000                             | Rs. 1,00,000                            |
| 27. | Sanction for writing off of losses caused to R&D buildings and other structures, furniture, Stores, tools and plants borne on the charge of MES<br>a) Not due to theft, fraud or gross neglect<br>(b) Due to theft. fraud or gross neglect  | Rs. 2,00,000<br>Rs. 1,00,000             | Rs. 50,000<br>Rs. 3,000                 |
| 28. | Regularisation of audit-objections arising out of   |  |   |

|     |  |   |   |
|-----|--|---|---|
|     | breach of Rules and Regulations<br>(a) When the monetary value of loss resulting from the irregularity can be computed<br>(b) Irregularities which involve no loss or where the monetary value of the loss resulting from the irregularity cannot be assessed  | Upto Rs. 1,00,000<br><br>Full powers                    |   |
|     | <b>SANCTION OF OTHER EXPENSES INCLUDING CONTINGENT AND MISCELLANEOUS EXPENDITURE</b>   |   |   |
| 29. | Contingent and Misc expenditure  | Full powers   | Rs.30,000 per transaction   |
| 30. | Local purchase of Uniforms/protective clothing including raw materials) for issue to eligible employees  | Full powers   | Full powers   |
| 31. | Permanent advances to subordinate officers who have to make petty payments before they can draw funds from the CDA   | Full powers   |   |
| 32. | Purchase of office stationery/special stationary for drawing office/stationary article for technical reports/stationary articles for training purposes   | Full powers   | Rs. 60,000 per transaction<br>Subject to a ceiling of Rs. 5 lakh per annum. |
| 33. | Purchase of stationery/ articles for sanctioned projects.  | 3% of the project cost subject to a maximum of Rs 5lakh | 3% of the project cost subject to a maximum of Rs 2 lakh                    |
| 34. | Purchase of office equipment including typewriters, intercom equipment, calculators, electronic stencil, Cutters, dietaphones, tape recorders, photocopiers, copying machines franking machines, addressographs, filing and indexing systems, shredding machines, display equipment, storage items, safe, electronic typewriters, word processors etc, | Full powers   | Full powers subject to a ceiling of Rs.5 lakh per year                      |
| 35. | Purchase of foreign technical. Books/journals from abroad through DMR&F  | Full powers   |   |
| 36. | Purchase of technical books. journals of   |   |   |



|     |   |   |  |
|-----|---|---|--|
|     | a) Indian origin<br>b) Foreign Origin under Liberalised Import policy and also which are available in India.  | Full powers<br>Full powers  | Full powers<br>Full powers   |
| 37. | Purchase of instructional Video cassettes, films, Micro-films of back issues, Reports and reprints, micro-film readers, projectors/hard copiers.  | Full powers   | (a) Rs. 20 lakh per year for IAT/ITM<br>(b) Rs10 lakh per year for other labs/Establishments.                          |
| 38. | Carrying out binding works on contract  | Full powers   | Not exceeding Rs.25,000 per contract   |
| 39. | Getting official printing work done through Private Printing. Presses<br>a) Standard forms/reports<br><br>(b) Non-standard forms/reports  | Full powers<br><br>Full powers  | Rs.15,000 per transaction in respect of their own offices<br>Rs.10,000 per transaction in respect of their own offices |
| 40. | Legal charges including fees to the Government Pleader.   | Full powers   | Upto Rs. 20,000 per case per year  |
| 41. | Official entertainment  | Full powers   | Rs. 50,000 per annum   |
| 42. | Grant of fee/honorarium to the employees<br>(a) Fee<br><br>(b) Honorarium   | Full powers per case for non-recurring and recurring<br>Full powers                                   | Upto Rs. 2,000 in each case if non-recurring<br>Rs 1,000 per case  |
| 43. | <b>TRAINING/ COURSES/ SEMINARS ETC.</b>   |   |  |
|     | Sanction of expenditure<br>(a) for holding of symposia/ Seminars/ conferences / workshops etc.<br>(b) On adhoc grants for giving financial assistance to or for co-sponsoring symposia /seminars/ conferences / workshops etc. held by outside bodies in subjects of interest to DRDO/Defence Services. | Upto Rs. 2 lakh per event<br><br>Upto Rs. 50,000 in each case upto a ceiling of Rs. 30 lakh per annum | Upto Rs. 1 lakh per year   |
| 44. | Sanction<br>(a) to invite speakers/consults/scientists for lectures/consultation and  | Full Powers   | Full powers in terms of 44 (b) below   |

|     |   |  |   |
|-----|---|--|---|
|     | (b) Payment of honorarium to non-officials  | Full Powers                                    | (i) Up to Rs. 500 per lecture per day<br>(ii) Rs. 1000 for lecture of duration not less than 2 hours or for per day consultation.<br>(iii) For IA T & ITM. upto Rs 500 per day for normal lecture/consultation and upto Rs 2000 per day for special lectures/consultation |
|     | (c) Payment of honorarium to officials including DRDO officers invited by Labs/Establishments to deliver lectures for approved Training/ courses  | Full Powers                                    | Rs 500 per lecture per day subject to overall annual ceiling of Rs 1 lakh   |
| 45. | Sanction of expenditure for the payment of delegation fee in respect of Scientific /Technical Industrial/ Administrative staff deputed to attend Symposia/ Seminars/Conferences/Workshops etc. in India   | Full powers                                    | Rs.15,000 per participant   |
| 46. | Sanction<br>(a) for deputing scientific/ administrative/technical employees (including industrial staff of Defence R&D Orgn to attend short term courses of interest to Defence R&D Orgn held in India.<br>(b) of expenditure for payment of Tuition fee/ registration charges in respect of scientific/ administrative/ technical employees ( including industrial staff) of Defence R&D Orgn who are deputed to undergo courses of training of short duration not exceeding 12 months which are in the field of activity of direct Interest to the DRDO and are held in India by Govt/Semi-Govt bodies/reputed private Firms/institutions.<br>(c) of expenditure towards purchase of literature including | Full power<br><br>Full power<br><br>Full power | Full power<br><br>Rs. 50,000 per course<br><br>Upto Rs.5,000 per course   |

|     |   |  |   |
|-----|---|--|---|
|     | books relevant to the course sanctioned as per sub para (a) or (b) above  |  |   |
| 47. | <p>Sanction</p> <p>(a) for deputing Scientific/ Technical personnel of Defence R&amp;D Orgn to attend full time Post Graduate courses of M.Tech level of not more than 2 years' duration in any field of sciences or technology of interest to Defence R&amp;D Orgn in any recognized Institution/University with in India.</p> <p>(b) for deputing S&amp;T personnel of DRDO on part-time PO programme of ME/M.Tech level of not more than 03 years in any field of interest to DRDO in any institute/University of India</p> <p>(c) of expenditure for payment of tuition fee, examination &amp; other fees, purchase of books, stationery, printing, typing, binding etc of reports, thesis in respect of scientific/ technical employees of Defence R&amp;D Orgn who are deputed to undergo Post Graduate courses of M. Tech level at recognised Institutions/ Universities within India.</p> | <p>Upto 75 candidates per year in all from the DRDO.</p> <p>Upto 200 candidates</p> <p>Full powers</p> | <p>One candidate per year.</p> <p>Full powers</p> |
| 48. | Sanction of expenditure on items of furniture, cutlery & crockery & other canteen equipment for Defence Civilian canteens of R&D Organisation   | Full powers  | Rs. 10,000 per annum                              |
| 49. | Authorising the use of Government vehicles belonging to Defence R&D Establishments/Labs for any public purpose in the interest of state or in the case of operational and administrative necessity.   | Full powers  | Full powers                                       |
| 50. | Hiring of civil transport for any public purpose in the interest of state or in the case of operational and administrative necessity in the   | Full powers  | Rs. 40,000 per year                               |

|     |  |               |            |
|-----|--|---------------|------------|
|     | event of non-availability of Government transport.   |               |            |
| 51. | Taking out/renewal of patents, design, copyrights and trade name/marks registration in India as well as any other country through National Research Development Corporation for inventions/innovations by service / civilian personnel paid from Defence Services Estimates and on DRDO sponsored projects given to other institutions | Full powers   |            |
| 52  | <b>CIVIL WORKS</b>   |               |            |
|     | Acceptance of necessity and issue of admin approval in respect of new and original capital works   |               |            |
|     | (a) Authorised works.  | Rs. 1000 lakh | Rs. 1 lakh |
|     | b) Special works.  |               |            |
|     | (i) Works to support technical activities of assigned projects, programmes.  | Rs. 1000 lakh | -          |
|     | (ii) Work to provide amenities and transit facilities  | Rs. 100 lakh  | -          |
|     | (c) Special Furniture and furnishings  | Rs. 20 lakh   | -          |
|     | (d) Air Conditioning   | Rs. 50 lakh   | -          |
|     | (e) Generating sets and Standby Power Generating sets.   | Rs. 30 lakh   | -          |
|     | (f) Payments to local Municipal Authorities for services rendered by them  | Rs. 10 lakh   | -          |
|     | (g) Demolition   | Rs. 20 lakh   | -          |

**(To Corrigendum No. DBFA/FA/83226/M/01/1097/D(R&D) dated 25 Mar 2003**

MODIFICATIONS TO THE ANNEXURE TO THE GOVERNMENT LETTER NO. 93916/  
RD- 26/ (ii) /5242/ D(R&D) DATED 15 OCT 1985 AS AMENDED FROM TIME TO  
TIME.

| Item No. <i>or</i> Schedule   | Cluses: Modifications / Additions   |
|---|---|
| No the end of clause 3(d): add.   | Also includes hiring of Technical Services, Job contracts etc for the projects.   |
| Replace existing clause 8 (b) by a new one 8(b)                             | 8(b): This includes expenditure under Build up and Maintenance on purchase / fabrication /design & development / retrofit modification / up-gradation / maintenance / defect investigation / repairs overhaul etc. <i>of</i> equipment/ component/ sub-assemblies/ materials/ validation/ testing/commissioning/ installation/trials etc. Also includes Computer Hardware/Software/ Computer Accessories/Computer stationery/ hiring computer time/computer furniture; installation of electronic EPABX <i>or</i> similar inter-communication equipment, inter-net, network, video conferencing, E-mail etc. Further, availing of services such as rentals / charges / deposits / fees .etc., purchase <i>of</i> drugs / medicines/advertisement/publicity charges, conditioning of the instrumented vehicles, FOL, purchase/hiring of Transport, repair/ maintenance of unit transport etc., hiring technical and allied services /utilities/ consultancy, Job contracts required for the lab are permitted. Also includes purchases under production support etc., contracts for 'Acquisition for Research Services (CARS)', Technical Seminars, Exhibitions, Technical Books and Journals etc.<br><br>Also clause (e) of SI No.3 is retained as it is and will be applicable for Item no. 8. |
| New clauses to be added for item No. 19 and 20                              | (a) The instructions contained in Clause 48 of Materials Management Policy, issued vide Government of India, Min <i>of</i> Defence Lr. No. DMM/8100/Policy/9596/5482/D(R&D)/96, dt 29.11.96, shall be adopted. In case of no response from DRDO Labs/Establishments., other inter services organisation and Government aided educational institutions, Direct Disposal Action as per the procedures laid down in Government of India, Min of Defence Lr. No. DP&RM/CPO/89501/ D(R&D), dt. 02.3.1993, as amended from time to time, shall be followed. The provision for assessing guiding price shall apply in case of direct disposal undertaken by the Lab.<br>(b) Competent Authority for sanctioning disposal <i>of</i> stores will not be lower than the authority which has earlier sanctioned procurement of item.   |
| 22(a), (b), (c), (d): The powers to be exercised in conjunction with:       | Conditions and procedure as given under payment terms in chapter-7 of Purchase Management Document.   |
| At the end of Clause 22 (d), add  | Payment of statutory duty / levies, clearance charges and additional charges arising out of wrong shipment /improper address in AWB/ACA in respect of imported consignment shall be allowed   |
| At the end of Clause 23, add  | For contracts below Rs. 5 lakh, prior consultations of CDA(R&D) shall not be necessary.   |
| Clauses 30,31,32, 33, 34<br>The powers to be exercised in conjunction with: | Terms and conditions prescribed in chapter 7 of Purchase Management Document  |
| Add a clause 49 (c)   | Directors of labs are authorised to deploy Staff Cars beyond municipal limits   |

**ANNEXURE – ‘D’**  
**CONTENTS OF GOVERNMENT ORDERS ON FABRICATION &**  
**DEVELOPMENT CONTRACTS**

| Letter No                    | Date        | Contents   |
|------------------------------|-------------|--|
| ENGG/RD-52/1103/771/S/D(R&D) | 01.01.1970  | Standing Orders for Development Contract/<br>Fabrication   |
| RD/Tech Coord/1032/71        | 16.10.1971  | Placement of Development Order on Firm<br>1) Factual information furnishing by Firm as<br>per Appendix-A<br>2) A report on the firm by Deputed Inspected<br>Officer regarding Technical Capability &<br>Soundness of placement of Contract   |
| 97611/RD-26                  | 03-02-1972  | Advance Payment for Development Contracts<br>1) Draft BG to be executed by Bank<br>Concerned on a Non-judicial paper of<br>proper value  |
| 97611/RD/-26                 | 10-02-1972  | Standing Orders for Development/Fabrication<br>Contract<br>1) Form to be used for Development<br>Collaboration Agreement<br>2) Suggestion of a Fix %age of Royalty in<br>Agreement   |
| F3(3 )/72/DS(26S II)         | 05-08-1972  | Office Memorandum<br>Inclusion of Clause in Tender Inquiries<br>regarding Manufacturing Drawings on<br>manufacture of stores is the property of GOI  |
| 97611/RD-26                  | 22-08-1975  | Contractual procedure for Development/<br>Fabrication Contract<br>1) Commercial Terms to be decided by<br>Negotiation<br>2) Prior approval of CCR&D is required for<br>above 1 lakh<br>3) CDA consultation is advised for finalising<br>the agreement  |
| 97611/RD-26(11)/81           | 1 5-09-1981 | Payment of Excise Duty-Fabrication<br>1)Amendment To Condition 11-of General<br>Conditions of Contract on 04-09-80 will not<br>cover the contracts which were finalised<br>before amendment<br>2) It is required to mention for pay Excise<br>Duty for Old contracts whether included in<br>quotation or not |
| 97611/RD-26(11)7600/D(R&D)   | 30-12-1981  | Clarification of Government Order of letters   |

|                            |                                    |   |
|----------------------------|------------------------------------|---|
|                            | Issued in concurrence dt. 24.12.81 | dated 1.1.70<br>1 ) Clarification regarding Levy or waiver of Security Deposit depending on the type of Firm<br>2) Authority to levy or waive of Security Deposit |
| 97611/RD-26                | 06-03-82                           | Clarification to the Orders dt. 01-01-1970  |
| 97611/RD-26(ii)/82         | 04-05-82                           | 1 )Clarification regarding acceptance of Development Contracts without insisting on SD with PSEs<br>2) Performance Guarantee to be insisted with PSE              |
| 97611/RD-26(1I)            | 01-06-1982                         | Authorities for Signing Development/ Fabrication Contracts Delegation of powers to sign on behalf of authorised signatories                                       |
| 97611/RD-26(ii)            | 08-10-1982                         | Clarification regarding Warranty Period & Security Deposit  |
| 97611/RD-26(ii)/82         | 05-11-1982                         | Clarification of Contract Terms on PSE  |
| 97611/RD-26(1I)            | 18-03-1983                         | Acceptance of BG in lieu of Indemnity & provisions to accept the Indemnity Bond   |
| 97611/RD-26(1I)            | 02 -08-1983                        | Insistence of BG along with IB for fabrication purpose  |
| 97611/RD-26(11)            | 01-10-1983                         | Deletion of LD Clause From Contracts Entered With M/s. BDL, Hyderabad   |
| 97611/RD-26                | 18-01-1984                         | Clarification regarding waiver of LD & authority for Waiver of LD   |
| PC TO F NO.97611/RD-26(1I) | 12-04-1984                         | Concluding of Development Contracts with IITS/EDTN Institution  |
| 97611/RD-26(1I)/MISC       | 21-03-1985                         | Addressed To GTRE on Clarification regarding Fabrication/Development Contracts  |
| 97611/RD-26(1I)/MISC       | 16-05-1985                         | Provision regarding Advance Payment Against BG & Conditions To Be Followed  |
| 97611/RD-26(11)            | 02-08-1985                         | Authority for SIGNING OF FABRICATION & DEVELOPMENT Contracts vested with Director/ Officer-in-charge  |
| 97611/Rd-26(ii)            | 18-11-1987                         | Contracts to be abide as per Standing Order dt.01-01-1970 & amendment issued from time to time<br>2)Waiver of Bank guarantee on SD by Competent authority         |
| Notification               | 14-12-1988                         | Authorities for Signing Different Heads   |

|                   |            |  |
|-------------------|------------|--|
| 87130/RD-26(11)   | 22-06-1989 | Authorities for Signing Different Type of Agreement/Contracts                                    |
| 04(14)/92-D(8 II) | 07-08-1982 | Placement of orders on Production Agencies associated with DRDO in Development of Defence Stores |



## CHAPTER 45

### GRANTS-IN-AID AND AUTONOMOUS BODIES

**879** The instructions in this chapter are supplemental to those contained in the CAG's MSO (Audit) revised edition 2002 read with CAG's Manual of Instructions for Audit of Autonomous Bodies (1983) as amended from time to time. These instructions are not exhaustive. It would be essential to supplement them in the field with reference to the nature of the organisations and transactions of different autonomous bodies/Authorities.

- (i) authorities and bodies substantially financed from the Consolidated Funds;
- (ii) any body or authority even though not substantially financed from Consolidated Funds either at the request of the President / Governor or on his own initiative and;
- (iii) accounts of bodies and authorities relating to grants and loans given by Government for specific purposes.
- (iv) **Basic authority for the Audit**

The audit of the Autonomous Bodies/authorities by the Indian Audit and Accounts Department is conducted under the powers derived by the Comptroller and Auditor General of India from Article 149 of the constitution of India which, inter alia, provides that the CAG shall perform such duties and exercise such powers in relation to the accounts of any authority or body, as may be prescribed by or under any law made by Parliament.

#### **The meaning of 'Body' or 'Authority'**

**880** Whenever the conditions prescribed in Section 14 of the Act are fulfilled, the sanctioning authorities should notify the body or authority that their accounts will have to be audited by the concerned Director of Audit /Accountant General in whose jurisdiction the body or authority is situated.

While the terminology "authority" used in the Act would mean a person or body exercising powers or command, the terminology 'body' would mean unincorporated or incorporated association of persons, including a Company registered under the Indian Companies Act, but not an individual.

(Auth.: C&AG office circular letter No.149/TAI/50-69-Vol.II dated 2.3.74.)

#### **General scope of Audit under DPC Act, 1971**

**881** (a) Section 14(1) of the Act envisages audit of all receipts and expenditure being undertaken where any body or authority is substantially financed by grants or loan from the Consolidated Fund of India or of any State or of any Union Territory having a legislative assembly. An Institution or body, which receives grant or loan of Rs.25 lakhs or more in a financial year and such grant or loan forms more than 75% of its total expenditure, would be deemed to be substantially financed.

(b) Section 14(2) envisages audit of receipt and expenditure of any body or authority where grants or loans to such body from Consolidated Fund of India or of

any State in a financial year is not less than Re. one crore with the previous approval of the president or Governor of a State or the Administrator of a Union Territory having a legislative assembly.

(c) Where the receipts and expenditure of any body or authority are by virtue of the fulfillment of the conditions specified in sub-section (i) or sub-section (2) of section 14, audited by the CAG in a financial year he shall continue to audit the receipts and expenditure of that body or authority for a further period of two years notwithstanding that the conditions specified during any of the two subsequent years. (sub-section (3) of section 14 of the CAG's (DPC Act 1971 as amended vide Amendment Bill -1984).

(d) Audit under Section 14 is "subject to the provisions of any law for the time being in force applicable" to the autonomous body. The intention behind this provision is the audit under Section 14 should take into account all provisions in the law governing the autonomous body. Audit under Section 14 is in addition to audit envisaged in the relevant law and one is not intended to replace the other but both are complementary and have to co-exist.

**882** Section 15 empowers the Comptroller & Auditor General of India:

(i) to scrutinise the procedure by which sanctioning authority satisfies itself as to the fulfillment of condition subject to which grants or loans are given for any specific purpose from the Consolidated Fund and

(ii) right of access to the books of accounts of that authority or body except where C&AG is relieved of such right due to provision in law, of the audit of accounts of such bodies by an agency other than the C&AG.

(iii) The Authority or body is not a foreign state or international organisation.

**883** Audit of the accounts of Corporations (not being companies) established by or under law made by Parliament would come within the purview of Section 19(2) of the Act and not within the purview of Section 14 of the Act. Similarly, audit of government Companies should be conducted under the provision of Section 19(1) of the Act.

**884** (i) Section 20(2) of the Act empowers the C&AG to undertake the audit of the accounts of any body or authority on his own initiative, if in his opinion such audit is necessary, because a substantial amount had been invested in or advanced to such body or authority.

**(ii) Relaxation of Audit**

Provisions in Section 14, 19 and 20 of the CAG's (DPC) Act, 1971 are to be read with section 24 of the Act, which gives the discretion to the CAG to dispense with, when circumstances so warrant, any part of detailed audit of any accounts or a class of transactions and to apply such limited check in relation to such accounts or transactions as he may determine. Therefore use of the words audit all receipts and expenditure in sections 14(i), 14(2) and of the words shall in sections 14(1), 14(2), 19(3) and 20(1) are not to be construed as meaning that when ever audit is taken up it is imperative that we undertake comprehensive audit of all transactions (Receipts and Expenditure.) contrariwise use of the word "may" in Section 14(2) and 20(2) does not in any way restrict the scope of audit once it is entrusted to us. The extent of audit is

to be determined with reference to the circumstances of each case.

**885** Audits as indicated above would be undertaken on an annual basis after approval from C&AG and a report is to be rendered to the Headquarters Office in the format prescribed, by dates prescribed, to enable a consolidated report to be rendered to Comptroller & Auditor General (DADS NO.1836/D/S/25/74/At.IV dated 14.9.89 and CAG No.1748-Audit-II/18-85 dated 21.11.85).

**886** (i) The general principles of audit of grants are enunciated in Chapter 5 CAG's Manual of Standing Order (Audit) second edition 2002 and the essential ingredients for audit of anybody or authority under section 14 are :-

- (a) The grant or loan must be to a body or authority as explained in para 882 *ibid*.
- (b) The grant or loan must have been paid from the Consolidated Fund of India.
- (c) The body or authority must be "substantially financed" by grant and or loan in accordance with the explanation of that term given below the section.
- (d) The audit will be of all receipts and expenditure of the body or authority and
- (e) Audit will be subject to the provisions of any law for the time being in force applicable to the body or authority.
- (f) The result of audit will be reported upon by the CAG. The audit reports of institutions audited under sections 14 and 20 may also be submitted to the legislature where necessary. They will, in any case, be presented to influential sections of the public. It is, therefore, important that we should take as much care in drafting them as in the preparation of audit: CAG office D.O. reports under Article 149 of the constitution.

(Authority: C&AG D.O. letter dated 29.4.85).

(ii) It is neither feasible nor desirable that we able undertake to audit each individual transaction. We should however satisfy ourselves with whatever means at our disposal that adequate arrangements exist for the audit of the transaction and of, accounts, of the body or authorities. Audit arrangements can be judged by

- (a) The regularity with which audit is conducted
- (b) The coverage of such audit
- (c) The qualifications and expertise of the Audit personnel
- (d) The independence of the audit personnel from the operating levels
- (e) The promptness in reporting the audit findings
- (f) The quality of audit reporting and, last but not the least
- (g) The action taken by the authorities to whom the audit findings are reported.

Where, judged by these standards, audit arrangements are adequate, we need not be unduly anxious to step in. Where the arrangements are inadequate we have a moral responsibility to draw the attention of appropriate authorities and if need be and permissible, take up the audit.

(iii) Whether a body or authority receiving grant or loan or in which investment is made falls under any of the sections 14, 19 or 20 of the Act and whether the Government wishes us to or we propose to take up their audit will depend on the circumstances of each case. However, in order that there may be no difficulty in our taking up the audit, should it be considered necessary, it is desirable to persuade the Government to include in the conditions of sanctioning grants, loans or investments an enabling clause to the effect that the books and accounts of the recipient institutions shall be made available to the CAG of India for his scrutiny or audit when-ever necessary.

#### **(iv) Procedure for taking up Audit**

The first step necessary before any audit is taken up is to identify every year the autonomous bodies that attract audit under sections 14, 19 and 20 as also to the scrutiny of records under section 15. For this purpose, a list of autonomous bodies in receipt of grants and loans from the Consolidated Fund should be compiled by special Audit Cell O/o Command Officers concerned with reference to the copies of the sanctions endorsed to this office by the sanctioning authorities. This record compiled for each sanctioning authority, should be reconciled periodically with the records of the sanctioning authorities either by personal contact or by obtaining periodical returns which one is found effective.

Audit of transactions of all the bodies should be taken up on a planned basis through out the year, instead of waiting for their annual accounts to be finalised and sent to us. Wherever time schedules are prescribed for compilation and audit of accounts under sections 19 and 20, the programme should be so drawn up as to enable us to adhere to these time schedules.

Note: (Time Schedule) In view of the directions of the committee on papers in Parliament the accounts of all the autonomous bodies whether covered under section 19 or Section 20 should be made available to the Audit office within three months of the close of the year and the audit certification of accounts and the presentation of SARs thereon completed within 9 months of the close of the accounts.

#### **(v) Maintenance of Records**

It is necessary to compile or maintain an up-to-date record in respect of each organisation relating to matters which may include:-

- (a) The constitution of the autonomous organisation;
- (b) The rules and regulation framed by Government and or the autonomous body;
- (c) Orders connected with administrative and financial powers at various levels;
- (d) Copies of the annual reports as compiled/presented to Government/Parliament;
- (e) Copies of the reports of various committees relating to the functioning of the body;
- (f) Copies of final Audit Reports and accounts as presented to Government/Governing Body, minutes or adoption of the accounts and the reports etc. A complete set of records relating to (i), (ii) and (iv) should also be made available to the Headquarters/command office in all cases where Reports are sent to that office for approval.

**(vi) Instruction for the Audit party**

In pursuance of the instructions of the Headquarters Office detailed above:

The audit party entrusted with the local audit of an autonomous body will take from the SO/AAO concerned, the file containing the document mentioned at para 887(v) above for reference and return the same after adding to it those of the specific documents which were already not there and further documents like latest administrative reports, copies of the reports of the committees, relating to the body, minutes of the Governing Body adopting the accounts, copies of the latest orders connected with the administrative and financial powers at various levels. It shall be duty of the SO/AAO concerned to ensure that the file contained all the desired documents.

(vii) The various audit aspects brought out above would also apply where relevant when audit is undertaken under Section 20(2) of the C&AG (OPC) Act 1971.

**Audit Procedure**

**887** The audit of the grants itself is to be conducted according to the general principles and rules laid down for the audit of expenditure from the Consolidated Fund with particular emphasis on the following aspects.

(i) Audit has to verify that each item of expenditure is covered by the sanction of the authority competent to sanction it. For this purpose, Audit has not only to see that the expenditure is covered by a sanction, either general or special, but also satisfy itself that

- (a) The authority sanctioning it is competent to do so by virtue of the powers vested in it by the provisions of the Constitution and of the laws, rules or orders made thereunder or by the rules of delegation of financial authority framed by the competent authority;
- (b) Limits of Grants-in-aid to statutory and other public institutions beyond which prior approval of Parliament is required for expenditure from the Consolidated Fund.
  - (i) for institutions in receipt of grant-in-aid up to Rs. 1 crore is Rs. 10 lakhs
  - (ii) for institutions in receipt of grant-in-aid of more than Rs. 1 crore is 10% of the Budget provision or Rs. 2 crores, whichever is less.

Note 1 – These limits will apply with reference to money disbursed by an individual Ministry/ Department and not by the Government as a whole.

Note 2 - The above limits will also apply to institutions which are substantially financed by grants-in-aid from Government and to Public Sector Undertakings in receipt of grant-in-aid.

Note 3 - Where a lump sum provision is made for providing grant-in-aid under a particular scheme in the absence of institution-wise break up at the time the provision is made, the aforesaid limits will not apply to release to such institutions within the budgeted provision. The details will, however, be reported to Parliament.

(Authority: Rule 10 (F) of Delegation of Financial Powers Rules, Min. of Fin.(Dept. of Economic Affairs), O.M. No. F. 7 (15)-B (RA)/82, dated the 13<sup>th</sup> April,1982 Dept. of Expenditure, O.M. No. F. 1 (4 )-E.II (A)/88,datedthe 28<sup>th</sup> April 88.]

(c) Limits of Grants-in-aid to Private institutions other than for Export Promotions Schemes, beyond which prior approval of Parliament is required for expenditure from the Consolidated Fund are as

(i) for Recurring - Above Rs. 5 lakhs.

(ii) for Non-recurring - Above Rs. 10 lakhs.

Note 1 - In the case of recurring grants exceeding Rs. 5 lakhs per annum the financial implications should be reported to Parliament where the grant is made for 2 years or more.

Note 2 - The limits for non-recurring and recurring grants-in-aid will apply with reference to money disbursed by an individual Ministry/Department and not Government as a whole.

Note 3 - Where a lump sum provision is made for providing grant-in-aid under a particular scheme in the absence of institution-wise break up at the time the provision is made, the aforesaid limits will not apply to release to such institutions within the budgeted provision. The details will, however, be reported to Parliament.

[Authority : : Rule 10 (G) of Delegation of Financial Powers Rules, Min. of Fin.(Dept. of Economic Affairs), O.M. No. F. 7 (15)-B (RA)/82, dated the 13<sup>th</sup> April,1982 Dept. of Expenditure, O.M. No. F. 1 (4 )-E.II (A)/88,datedthe 28<sup>th</sup> April 88.]

(d) The sanction is definite and thus needs no reference either to the sanctioning authority itself or to any higher authority. Audit has also to see that the expenditure conforms to the provisions of the sanctions.

(e) The sanction conforms to the pattern of assistance or rules governing such grants-in-aid as approved by the Finance Ministry;

(f) The suitability of the institution seeking the grant has been assessed by the sanctioning authority;

(g) No grants are sanctioned where there is reasonable doubt or suggestion of corrupt practices unless the institution concerned has been cleared of the allegations;

(h) Every order sanctioning a grant indicates whether it is recurring or non-recurring in nature and the object for which it is given and clearly specifies the general and special conditions, if any, attached to the grant,

(ii) a provision to the effect that the accounts of the grantee institutions shall be open to inspection by the sanctioning authority/Audit whenever considered necessary by them is incorporated in all orders sanctioning grants-in-aid.

(iii) Governments often stipulate that, before a grant is paid, the sanctioning authorities under its control should, as far as possible, obtain audited statements of the accounts of the grantee institutions in order to establish that the grant is justified by their financial position and also to ensure that any previous grant was spent for the purpose for which it was intended. Audit should verify that the sanctioning authorities duly adhere to the stipulation.

Audit should ordinarily accept statements made by the responsible technical officers on purely technical matters.

(iv) It should be watched that, except in special circumstances, grants are not paid in excess of actual requirements of the grantee for the financial year or, say, for a period of one year from the date of issue of the sanction and that any general or special orders for releasing a particular grant in installments are compiled with.

(v) Unless the Government directs otherwise in any particular case, every order sanctioning a grant shall indicate whether it is recurring or non recurring in nature and specify clearly the objects for which it is given and the conditions, if any, attached to the grant. In the case of non-recurring grants for specified objects, the order shall also specify the time limit within which the grant or each installment of it is to be spent.

(vi) When recurring grants-in-aid are made to an institution, Audit will verify, as far as possible, that the institution continues to function as intended and that the circumstances in recognition of which the grant was sanctioned still continue to exist.

(vii) The extent of audit of the expenditure incurred from a grant by the grantee depends on whether the grant is conditional or unconditional. Where no condition is attached to a grant, Audit is in no way concerned with the manner in which the grant is utilized by the grantee.

(viii) Where conditions are attached to the grant, these generally relate to the particular objects on which the grant may be utilized or the timeframe within which the money must be spent. Whatever be the nature of the conditions, Audit has to verify that these have been fulfilled. The following procedure should be observed in such cases:

- (a) Where the expenditure from a grant is audited locally, the auditor should either include in his report a certificate that the conditions attached to the grant have been or are being fulfilled, or furnish details of the deviations from or breaches of these conditions.
- (b) The sanctioning authority is required to furnish to the Accountant General (A&E) a formal certificate confirming the proper utilization of the grant from the administrative, technical and financial points of view. Audit should watch the compliance of this requirement.
- (c) In cases where the audit of local authorities and public or quasi-public bodies is conducted by an officer not subordinate to the Comptroller and Auditor General, a certificate, based on that officer's audit, to the effect that the grants have been utilized on the objects for which they were sanctioned and in accordance with the conditions attached to them, may be accepted from the administrative authority concerned.
- (d) In cases not falling under any of the above, the utilization certificates furnished by the authorities of the Administrative Government to the Accountant General (A&E) may be accepted in audit. However, a test check should be applied, where possible, this being extended even to an examination of the adequacy of the procedures followed for obtaining the assurance upon which the certificates are based. Normally, the certificates should be based on audited statements of accounts and reports regarding the performance or achievements of the grantee in relation to the objects and conditions of the grants.

(ix) The aspects to be looked into when audit of bodies or authorities is undertaken with the approval of C&AG are: -

- (a) That there is no tendency on the part of Government to go on disbursing fresh grants / loans to a grantee /loanee when substantial amounts out of earlier grants / loans remain unutilised;

(b) That the authorities have adequate machinery to keep continued watch over the progress of expenditure and continued safety of funds.

(x) When audit is taken up under Section 14(1) & (2) such audit covers both the receipt and expenditure of the body or authority concerned and the aspects to be looked into in audit are:

- (a) All grants or loans received from all Governments and gifts in the form of material /equipment received by Government from outside agencies and transferred to the body or authority are taken into account for determining the extent of Grant-in-aid. (However grants/ loans released through other bodies or authorities who are themselves substantially financed by Government would not be taken into account).
- (b) Revenue and capital expenditure other than payments of a purely deposit nature (viz. deposits for work done, advances to staff, transfer of cash between office and bank etc.) are taken into in computing total expenditure;
- (c) Audit standards and principles that are normally applied in the case of Government accounts would be equally applicable in the case of audit of accounts of receipts and expenditure;
- (d) Accounts present a true picture of the transaction;
  - (e) whether value has been realised for money spent and what specific lapses have occurred (value for Money audit);
- (f) The objectives of the organisation have been clearly defined and are in conformity with the Government policies and decisions;
- (g) whether the various policies, plans and programmes of the body or authority, reveals any deficiencies in planning and execution and whether control procedure and methods followed indicate any lacunae;
- (h) Systems of control exist for collecting reliable progress reports on the implementation of the policies and programme;
- (i) Progress is reported to the governing body/Government from time to time;
- (j) Effective internal control exists over the implementation to check leakages, loss, mis-utilisation of funds and wasteful expenditure;
- (k) Rules for giving grants, loans etc. are finalised on the basis of established norms.

(xi) When grants or loans are given to any body or authority for any specific purpose and when audit of such transactions are undertaken the audit is carried out in two stages as indicated below:

- (a) Firstly in the office of the sanctioning authority to examine whether proper procedure exists to process requests for sanctioning of the grants or loans and to watch the implementation of the conditions subject to which grants/loans are given and;
- (b) Secondly to scrutinise the records of the recipient organisation through which the money is spent.

(xii) In the office of the sanctioning authority the points to be seen are:



- (a) Whether the sanctioning authority has prescribed clear cut procedure for satisfying itself that grants / loans sanctioned are being utilised for which they have been given;
- (b) Whether fulfillment of the conditions are watched;
- (c) Whether the financial rules governing the basis and grants are observed; and
- (d) Whether the procedure indicates any deficiency.

(xiii) When the records and accounts of recipient bodies /authorities are scrutinized exercising the right of access to such books of accounts, the points to be seen are:

- (a) Whether the grant or loan received from Government has been accounted for properly;
- (b) Whether the grant or loan has been fully and properly utilised for the purpose or on the objects for which they were sanctioned;.
- (c) Whether unspent balance has been refunded and;
- (d) Whether the conditions attached to the loans are fulfilled.

(xiv) Performance review – A review of the performance objective can be usefully made over a period of years, though it may not exclusively be related to procedures. Further there may be defects in the scheme or sanction itself which may militate against an effective procedure to check the purposes for which the grants/loans are utilized. Such deficiencies should also come up for scrutiny and comment in an audit under Section.

(xv) The various audit aspects brought out above would also apply where relevant when audit is undertaken under Section 20(2) of the C&AG (OPC) Act 1971.

(xv) Code Heads of some important Grants-in- Aid are shown in Annexure – ‘A’.

(xvi) As per DSE & MOD(civil) estimates, the names of Non-Government Bodies are shown in Annexure – ‘B’.

**Books / Orders to be referred to**

1. C&AG's M.S.O. (Audit) 2<sup>nd</sup> edition 2002
2. C&AG's (OPC) Act 1971 as amended
3. C&AG's Audit Guide Series No.6
4. Headquarters Office NO.2511/0/S/25/74/At III dated 12/18.9.86
5. Headquarters Office NO.1836/0/S/25/74/At III dated 14.9.89
6. C&AG's No.1748-Auditll/18-85 dated 21 .11 .85.
7. C&AG’s Manual of Instructions for Audit of Autonomous Bodies (1983).

**Annexure – ‘A’**  
**Code Head of some important Grants-in- Aid**

| <b>Major Head</b> | <b>Sub Minor Head</b> | <b>Code Head</b> | <b>Desdethd</b>  |
|-------------------|-----------------------|------------------|--|
| 2408              | 01 103                | 04700            | Assistance for setting-up Food Process.                    |
| 2075              | 108                   | 09848            | Canteen Stores Department Welfare Fund                     |
| 2076              | 800                   | 57702            | Grant-in-aid to Institutions                               |
| 3054              | 02 337                | 06603            | Works-aid to Bhutan  |
| 2052              | 090                   | 09536            | Grants-in-Aid  |
| 2052              | 092                   | 09483            | Grants-in-Aid to Cantonment Boards                         |
| 2077              | 800                   | 68800            | Grants-in-Aid to Institutions                              |
| 2075              | 108                   | 09855            | Grants-in-Aid  |
| 2852              | 80 800                | 09684            | Scheme for Grants-in-aid to PSUs for imp of Vol Retirement |

**Annexure –‘B’**  
**As per DSE & MOD (civil) estimates the name of Non-Government Bodies**

| <b>Sl. No</b> | <b>Grant No.</b>           | <b>Organisation receiving assistance</b>       | <b>Board purpose of assistance</b>                             | <b>Whether recurring non-recurring</b> |
|---------------|----------------------------|--|--|--|
| 1             | 23 – Defence Services Army | Himalayan Mountaineering Institute, Darjeeling | To impart practical and theoretical training in mountaineering | Both recurring non-recurring           |
| 2             | 23 – Defence Services Army | Nehru Institute of Mountaineering, Uttarkashi  | To impart practical and theoretical training in mountaineering | Both recurring non-recurring           |
| 3             | 23 – Defence Services Army | Jawahar Institute of Mountaineering, Aru.      | To impart practical and theoretical training in mountaineering | Both recurring non-recurring           |

## APPENDIX-I

List of accounts subsidiary documents and ancillary records maintained by units/formations which are to be audited or seen in course of local audit.

### Index

#### TYPES OF FORMATIONS

|   |   |
|---|---|
| <ol style="list-style-type: none"> <li>1. Consuming Units</li> <li>2. Supply Depots/Supply Points</li> <li>3. Petroleum Depot</li> <li>4. Remount Depot</li> <li>5. A. O. C. Depots</li> <li>6. R &amp; D Establishments</li> <li>7. Inspection Organisations</li> <li>8. Station Workshops EME</li> <li>9. Engineer Stores Depot</li> <li>10. Training Centres</li> <li>11. Military Hospitals</li> <li>12. Vet. Hospital</li> </ol> | <ol style="list-style-type: none"> <li>13. Military Dental Centres</li> <li>14. Station Health Organisation</li> <li>15. Family Welfare Centres</li> <li>16. Military Farms</li> <li>17. Cantonment Boards</li> <li>18. Recruiting Offices</li> <li>19. Transit Camps</li> <li>20. T.A. Units</li> <li>21. N.C.C. Units</li> <li>22. Stn. Hq./Station Transport Office</li> <li>23. Embarkation Hqrs.</li> <li>24. Military School</li> </ol> |
|---|---|

**Note :-** Medical Depots: List of auditable documents at Annexure 'A' of Section 3 to Chapter IV.

#### I. CONSUMING UNITS

##### Ration Accounts

|   |   |
|---|---|
| <ol style="list-style-type: none"> <li>1. Ration &amp; Forage Return (IAFS 1519)</li> <li>2. Ration Strength Statement (IAFZ 3033)</li> <li>3. Ration Payment Register (ASC articles)</li> <li>4. Ration Entitlement Register (payment issues)</li> </ol> | <ol style="list-style-type: none"> <li>5. Cash Memo Register</li> <li>6. Cash Memos</li> <li>7. Acknowledgement for TRS received from CDA.</li> </ol> |
|---|---|

##### Clothing equipment and other accounts maintained by QM

|   |  |
|---|--|
| <ol style="list-style-type: none"> <li>1. Unit equipment Ledgers.</li> <li>2. Public Clothing Ledger (serviceable).</li> <li>3. Public Clothing Ledger (in use).</li> <li>4. Public Clothing (fire fighting personnel) (if any).</li> <li>5. Personal Clothing Ledger.</li> <li>6. E.I. Clothing Ledger. .</li> <li>7. Special item of water/snow clothing and equipments.</li> <li>8. Officers payment Clothing Ledger.</li> <li>9. Officers Camp Kit Ledger.</li> <li>10. Repair book-Bookmaker.</li> <li>11. Repair book-Tailor.</li> <li>12. Dhabi book.</li> <li>13. Condemnation board proceedings/survey boards/KDCs kit inventories.</li> </ol> | <ol style="list-style-type: none"> <li>14. Reconciliation Register-Public Clothing (C.Bs).</li> <li>15. Reconciliation Register Personal Clothing.</li> <li>16. Salvage store ledger/Retention store ledger.</li> <li>17. Station Stores Ledger.</li> <li>18. Fire Fighting/ledger/equipment.</li> <li>19. Ammunition and explosive ledger.</li> <li>20. Arms and weapons ledger.</li> <li>21. Tentage ledger.</li> <li>22. Loan stores ledger.</li> <li>23. Register of losses.</li> <li>24. Gift stores ledger.</li> </ol> |
|---|--|

|  |  |
|--|--|
| 25. Medical stores ledgers (M.I. Rooms).<br>(i) Expendable stores.<br>(ii) Non-Expendable stores.<br>26. Controlled Stores ledger (if held).<br>27. Bicycle Ledger and log books.<br>28. War Trophy ledger (if held).<br>29. Register of animals (where applicable)<br>30. Anti-malaria equipment and stores ledger.<br>31. Hygiene & chemical ledger.<br>32. Hot & cold weather appliances ledger.<br>33. Packing material ledger.<br>34. Conservancy stores ledger.<br>35. Expendable stores ledger.<br>36. Field practice and training grant ledger (where applicable).<br>37. Amenity stores ledgers.<br>38. Education training grant ledgers.<br>39. Annual Training Grant ledgers.<br>40. Literature grant ledger. | 41. Incidental & Misc. Grant ledger.<br>42. Vocational Grant ledger (if held).<br>43. Office equipment and dead stock register.<br>44. Stationery register (local purchase).<br>45. Register of books and forms.<br>46. Road/rail warrants & Military Credit notes.<br>47. Service Book Register of civilians.<br>48. Register of liveries.<br>49. Register of overtime allowance.<br>50. Register of compulsory deposit accounts ledgers.<br>51. Maps Control ledger (if held).<br>52. Deserters ledger.<br>53. Telephone Trunk Call register.<br>54. Issue vouchers control register.<br>55. Receipt vouchers control register.<br>56. Land Register<br>57. Register of Usufructs. |
|--|--|

### M. T. Accounts

|   |   |
|---|---|
| 1. Unit vehicle register.<br>2. POL stock register.<br>3. POL payment register and cash memos.<br>4. POL entitlement register<br>5. Amenity Transport Ledger (free and payment).<br>6. Mileage cards for all vehicles.<br>7. Car diaries for all vehicles.<br>8. Vehicle log books (for reference) AI 167/70.<br>9. Packing material (POL stores).<br>10. Expendable stores ledger (MT stores). | 11. MT spare parts ledgers.<br>12. Kit and Tools ledgers.<br>13. EDRA for charging sets and other static engines<br>14. Register for use for Government vehicles after office hours.<br>15. Hired transport ledger.<br>16. Register for used and waste oil.<br>17. POL indents/requisitions.<br>18. Register of tractor Fire pumps (if held).<br>19. VDRA Tractor Fire pumps (if held). |
|---|---|

### Supply Depots/Supply Points

|   |   |
|---|---|
| 1. Central ledgers.<br>(a) Basic<br>(b) Necessary<br>(c) Fresh supplies<br>(d) Grain<br>(e) Fodder<br>(f) Fuel<br>(g) Hospital (excluding medical comforts)<br>(h) Packing Material<br>(i) Petrol oil and lubricants<br>(j) Hygiene chemicals | (k) Inspection register (medical comforts).<br>1. Miscellaneous<br>2. Variety percentage register.<br>3. Distribution register and invoices (IAFS 1555).<br>4. Daily Balance statement.<br>5. Register of supply orders.<br>6. Register of Depot contingencies.<br>7. Depot contingent return.<br>8. Labour Attendance register, Distribution register and Maundage register. |
|---|---|

|   |   |
|---|---|
| 9. Register of Railway claims.                        | 17. Skin account.                           |
| 10. Register of losses/Register of Transit losses.    | 18. Bakery accounts.                        |
| 11. Book debit payment issue register.                | 19. Bread account.                          |
| 12. Stock verification register.                      | 20. Winter stock register.                  |
| 13. Monthly statement of POL on replacement register. | 21. Discrepancy in register.                |
| 14. Indent control register.                          | 22. Register of risk and expenses.          |
| 15. Register of hired labour.                         | 23. Train ration return (where applicable). |
| 16. Butchery accounts.                                | 24. Variety cum inspection register.        |
|   | 25. Supply coys.                            |

Rations, clothing and equipment and MT accounts Documents as per consuming units

### II Petroleum Depot

|   |   |
|---|---|
| 1. Central ledgers (of various, groups including packing material). | 11. Register of Depot contingency.  |
| 2. POL Requisitions.  | 12. Attendance Register (Labour).   |
| 3. Issue orders/vouchers.   | 13. Labour distribution register.   |
| 4. Daily Balance statement.   | 14. Maundage register.  |
| 5. Daily stock report of- MT/ Aviation Gasoline.                    | 15. Loan register.  |
| 6. Daily summary of POL.  | 16. Register of railway claims.   |
| 7. Register of stores losses.                                       | 17. Register showing quantity of POL returned to trade and its replacement. |
| 8. Register of Transit losses.                                      | 18. E.D.R.A. (Air Compressor if held).                                      |
| 9. Stock verification list.   | 19. Register of stock received/despatch by road/rail.                       |
| 10. Depot contingent Return (monthly).                              | 20. Dunnage ledger.   |

### Ration Accounts as per consuming Units

MT accounts as per Consuming Units clothing and equipment ledgers as per consuming Units.

### Remount depot

#### Farm Account

|   |                               |
|---|-------------------------------|
| 1. Ledger of bullocks.                                  | 5. Tree register.             |
| 2. Seeds ledger.  | 6. Dry & green fodder ledger. |
| 3. Farm's account.                                      | 7. Loan ledger.               |
| 4. Local purchase expendable and non expendable ledger. | 8. Lease ledger.              |

#### Live Stock Section

|                          |   |
|--------------------------|---|
| 1. Register of MA Mules. | 3. Registers of Horses.                 |
| 2. Register of GS Mules. | 4. Register of young stock Horse/Mules. |

#### Main office

|  |                             |
|--|-----------------------------|
| 1. Register of books and forms.        | 5. Register of losses.      |
| 2. Railway warrants and G. Notes.      | 6. Service Books Civilians. |
| 3. Workshop Accounts QM.               | 7. CDS Accounts.            |
| 4. List of. articles made in workshop. |                             |

**Vet. Section**

1. Medical Non expendable ledgers.
2. Medical expendable ledgers.

**Cash Account**

|   |                    |
|---|--------------------|
| 1. Cash book public imprest & assignment. | 4. Annual returns. |
| 2. Receipt and payment vouchers.          | 5. Stamp Account.  |
| 3. Cheque book and cheque slips.          | 6. Muster Rolls.   |

**Q.M. Branch**

|  |  |
|--|--|
| 1. Ord. Equip. Ledgers.                          | 18. Officers Clo. Payment ledger.          |
| 2. Ord. Stores Ledgers.                          | 19. Ration & forage returns.               |
| 3. ASC Stores Ledgers.                           | 20. Ration accounts IAFZ 3033.             |
| 4. Ordnance P.M. Ledger.                         | 21. Payment issue register (rations).      |
| 5. ASE P.M. Ledger.                              | 22. Grain stock ledger.                    |
| 6. Public Clo. Ledger New & PWS.                 | 23. Loan ledger Tentage.                   |
| 7. Special Clo. Ledger.                          | 24. Salvage ledger.                        |
| 8. EI Clo. Ledger.                               | 25. ETG Exp. (RD school) ledger.           |
| 9. Ammunition ledger.                            | 26. ATG Exp. Non expendable ledger.        |
| 10. Army ledger.                                 | 27. Local purchase non expendable ledger.  |
| 11. Amenity ledger.                              | 28. Local purchase expendable ledger.      |
| 12. Office equipment ledger.                     | 29. Grant in aid dead stock ledger.        |
| 13. ETG ledger non-expendable.                   | 30. Loan Tentage ledger.                   |
| 14. Station store ledger.                        | 31. Entitlement register ASC Articles.     |
| 15. Per Clo. Ledger.                             | 32. Hot weather Estt. Ledger.              |
| 16. Loan ledger AT cards.                        | 33. Annual occupation return.              |
| 17. Reconciliation register (pub. & Pers. Cla.). | 34. Stock verification.                    |
|  | 35. Register of losses and railway claims. |

**MT SECTION**

**Documents as per consuming units.  
Ordnance Depots Including Vehicle Depots  
Ammunition Depots and Fods**

|   |   |
|---|---|
| 1. Ration accounts, clothing and equipment ledgers and M.T. Accounts of Military Estt. as per consuming units.  | 6. CIV /Expense control register.   |
| 2. Accounts cards/ledgers. (MT stock summary and vehicle-registers in respect of vehicle depot) and their indices for items held in stock by the depots. Separate set of account cards/ledgers to be maintained for various types of stocks vide paras 17, 18 and 25 SAI. | 7. Adjustment voucher control register.   |
| 3. Receipt control register.  | 8. Stock taking sheets.   |
| 4. Issue control register.  | 9. Registers of losses. store losses. cash losses. transit losses. stock taking losses. |
| 5. CRY control register.  | 10. Register of surpluses.  |
|   | 11. Register of Railway claims.   |
|   | 12. A in U Monetary allotment register.   |
|   | 13. A in U Non expendable stores ledgers.   |
|   | 14. A in U Expendable stores ledgers'.  |
|   | 15. Packing material ledger.  |
|   | 16. Discrepancy reports register (IN).  |

|  |  |
|--|--|
| 17. Loan issue register.<br>18. Loan sample register.<br>19. Payment issues register.<br>20. Hire issue register.<br>21. POL accounts in sub depots for vehicles/static/plants/fire tendons. | 22. Timber sawing register showing record of scrapwood and saw dust.<br>23. Payment issues scrapwood and saw dust.<br>24. Milk Accounts register (for painters). |
|--|--|

**E.S.G./M.S.D.**

|  |   |
|--|---|
| 1. Expendable store ledgers.<br>2. Non expendable store ledger.<br>3. A in U monetary allotment register | 4. Loan register.<br>5. Payment issue register. |
|--|---|

**Traffic**

- |   |   |
|---|---|
| 1. M.C. Notes register.<br>2. Wagon register. | 3. Railway shunting register.<br>4. A in U expendable ledger. |
|---|---|

**Workshop**

- |  |                                 |
|--|---------------------------------|
| 1. Expendable ledger.<br>2. Work order register. | 3. Payment work order register. |
|--|---------------------------------|

**R.S.S.D. and Salvage sub depots**

|  |   |
|--|---|
| 1. Account cards and indices.<br>2. Conditioning forms.<br>3. Work orders, job cards & completion reports. | 4. A in U /Expendable stores.<br>5. Stock taking sheets. .<br>6. Sale accounts. |
|--|---|

**Vehicle depots (Additional).**

Please see list attached.

**Ammunition Depots (Additional)**

Please see list attached.

**Check Rolls**

|  |  |
|--|--|
| 1. Monthly check rolls/supply check rolls.<br>2. Absentee payment register.<br>3. Gate passes.<br>4. Leave cards.<br>5. Muster in/out forms.<br>6. D.O. Part II. | 7. Demand registers.<br>8. Schedules of recovery of Advances/GP Fund etc.<br>9. Service documents.<br>10. Temporary labour bills.<br>11. C.D.S. ledgers. |
|--|--|

**E.D.P. Section (in COD Delhi Cantt. only)**

1. DOS EP special forms.
2. Special forms and stationery ledgers.
3. Technical books ledgers.
4. Special stationery ledgers.
5. Office equipment and furniture locally purchased by EDP.
6. Technical equipment ledgers.

### Vehicle depot

|  |   |
|--|---|
| <ol style="list-style-type: none"> <li>1. Vehicle registers and vehicle stock summary with Index.</li> <li>2. Disposal progress register.</li> <li>3. Sale progress register.</li> <li>4. Register of adjustment in respect of stores sent to IAB.</li> <li>5. Register for No.2 copies of Issues vouchers.</li> <li>6. Loan issue progress register.</li> <li>7. Issue register for chassis sent to Base workshop for Body Building.</li> </ol> | <ol style="list-style-type: none"> <li>8. Progress register by payment by book debit.</li> <li>9. Receipt control register (Un-serviceable vehicle) .</li> <li>10. Disposal progress register (Un-serviceable vehicle) .</li> <li>11. Battery stores ledger.</li> <li>12. Expendable ledger.</li> <li>13 . Packing material.</li> </ol> |
|--|---|

### AMMUNITION DEPOT

|  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1. Ammunition ledgers (control).</li> <li>2. Secret ledgers (control).</li> <li>3. Payment issue register (control).</li> <li>4. Loan issue register (control).</li> <li>5. Proof/Test register (contro~).</li> <li>6. Receipt and issue control registers.</li> <li>7. Explosive register (ATA).</li> <li>8. Non explosive ledger (ATA).</li> <li>9. Empty's ledger (NES).</li> <li>10. Non expendable ledger A in U.</li> <li>11. Expendable ledgers A in U Monetary allotment register.</li> </ol> | <ol style="list-style-type: none"> <li>12. Register of work order.</li> <li>13. Loan issue register.</li> <li>14. Expendable ledger (NES).</li> <li>15. Account/Cards (NES).</li> <li>16. Register for recovery of hire charges.</li> <li>17. Issue and ordnance stores of War System of Accounting.</li> <li>18. Loan sample issue register.</li> <li>19. Salvage ledger.</li> <li>20. Ammunition repair ledger.</li> </ol> |
|--|--|

### Research and Development Establishment Main Office

|  |   |
|--|---|
| <ol style="list-style-type: none"> <li>1. Register of Books and Forms.</li> <li>2. Railway Warrants &amp; Military credit notes.</li> <li>3. Trunk call Register.</li> </ol> | <ol style="list-style-type: none"> <li>4. Register of service book civilians.</li> <li>5. Service Book/Leave account.</li> <li>6. C. D. S. accounts.</li> </ol> |
|--|---|

### Technical

|   |   |
|---|---|
| <ol style="list-style-type: none"> <li>1. Non expendable store ledger.</li> <li>2. Expendable stores ledger</li> <li>3. Register of Losses.</li> <li>4. Advance payment of subscription register (new papers).</li> <li>5. Advance payment of subscription register (periodical).</li> <li>6. Register of losses.</li> <li>7. Technical Manuals ledgers.</li> <li>8. Register for ISS/BSS/ICE specifications.</li> <li>9. Register for miscellaneous specifications.</li> <li>10. Register for patent specifications.</li> <li>11. Ordnance ledger.</li> <li>12. Register for liveries.</li> <li>13. Scientific store/Equipment ledger</li> </ol> | <ol style="list-style-type: none"> <li>14. Sample register.</li> <li>15. Expendable store (various types) register.</li> <li>16. Foreign stores.</li> <li>17. First aid appliances.</li> <li>18. Valuable and attractive items.</li> <li>19. Office Equipments.</li> <li>20. Hot weather stores.</li> <li>21. Scrap Materials.</li> <li>22. Loan ledger.</li> <li>23. Loan receipt control register.</li> <li>24. Loan issue control register.</li> <li>25. Manufactured items non expendable.</li> <li>26. Register for watching return of gas.</li> </ol> |
|---|---|



|  |   |
|--|---|
| 27. Issue control register.<br>28. Receipt control register. | 29. Conservancy register.<br>30. Project registers. |
|--|---|

**Check Rolls**

|   |   |
|---|---|
| 1. Monthly & Supplementary check rolls.<br>2. Guinty forms.<br>3. Gate passes.<br>4. Daily orders part II.<br>5. Temporary labour bill. | 6. Absentee payment register.<br>7. Fine register.<br>8. Register of specific kind of leave granted to civilians.<br>9. Register of service books (Industrial).<br>10. Leave cards. |
|---|---|

**M.T. Accounts**

1. Documents as per consuming units.      2. E. D. R. A. For static plants/Log books.

**Workshop**

1. Register of work orders.      3. Work orderS/Workshop Completion Notices.  
2. Milk register (for painters.)

**Inspection Organisation**

|   |  |
|---|--|
| 1. Non expendable store ledger.<br>2. Expendable stores ledger.<br>3. Receipt control register.<br>4. Issue control register.<br>5. Milk register.<br>6. DR. register.<br>7. Adjustment vouchers register.<br>8. Loss statement register.<br>9. Issue vouchers register.<br>10. Accession register.<br>11. Subscribed periodical publication register.<br>12. Renewal subscription register.<br>13. Service books.<br>14. Leave record (Non industrial).<br>15. Register of non official priced publication.<br>16. C. D. S. accounts.<br>17. Register of SWOs. | 18. Expendable stores register.<br>19. Register of EWOs.<br>20. Loan ledger.<br>21. Loan vehicle register.<br>22. Loan receipt control register.<br>23. Loan issue control register.<br>24. Issue voucher control register.<br>25. Receipt voucher control register.<br>26. Conservancy stores expo Register.<br>27. Payment issue register for clothing.<br>28. Payment issue register for scrap wood.<br>29. Nominal receipt register.<br>30. Special sty. ledger.<br>31. Local purchase sty. ledger.<br>32. Rubber stamp register.<br>33. Register of books and forms.<br>34. Railway warrants/M. C. Notes. |
|---|--|

**Station Workshop EME Main Office**

|  |  |
|--|--|
| 1. Service books.<br>2. Railway warrants.<br>3. Register of books & forms.<br>4. Loss statement register.<br>5. Leave records. | 6. Local purchase of stationery register.<br>7. Packing material ledger.<br>8. Dead stock ledger.<br>9. Purchase from Miscellaneous grant. |
|--|--|

### Tools Stores

|   |  |
|---|--|
| 1. Plant & Machinery ledger.<br>2. S. M. T. Ledger.<br>3. Engineer Tools Ledger.<br>4. General hand tools ledger.<br>5. Armourer component ledger.<br>6. Instrument component ledger. | 7. Telecommunication component ledger.<br>8. T. T. G. Manufactured stores ledger.<br>9. T. T. G. Expendable stores ledger.<br>10. T. T. G. Books & publication ledger.<br>11. Packing material ledger.<br>12. R. V. Control register/I. V. Control register.<br>13. Loss statement register. |
|---|--|

### Technical stores

|  |  |
|--|--|
| 1. Stores ledger for various MT spares.<br>2. Engineer Equipment ledger.<br>3. Propriety item ledger.<br>4. Electrical Equipment ledger.<br>5. Expendable ledger. of MT spares.<br>6. Major assemblies ledger. | 7. Register of catalogues/publications.<br>8. Expendable store small arms.<br>9. Expendable stores signal wireless.<br>10. Non expendable store signal wireless.<br>11. R. V. Control register/I. V. Register.<br>12. Loss statement register. |
|--|--|

### Check rolls

|  |  |
|--|--|
| 1. Monthly public supplementary check book.<br>2. Daily orders for part II.<br>3. Muster in/out register.<br>4. Gate passes. | 5. Periodical Increment certificates.<br>6. Absentee payment register.<br>7. Auditable documents for rations clothing and equipments and MT accounts as per consuming units. |
|--|--|

### Engineer Stores Depot

#### E in C stock

|  |  |
|--|--|
| 1. Dispersed stock ledger.<br>2. Allocated stock ledger.<br>3. ETSR stock ledger.<br>4. Butter stock ledger.<br>5. DGW stock ledger.<br>6. Loan ledger.<br>7. Losses register.<br>8. Railway claims register | 9. Payment issues register.<br>10. Book debit register.<br>11. Adjustment vouchers control register.<br>12. Issue vouchers control register.<br>13. Ledger & Folio control register.<br>14. Issues to civil bodies register.<br>15. Receipt vouchers control register. |
|--|--|

#### Command Stock

|   |  |
|---|--|
| 1. Stores ledger.<br>2. Loan register.<br>3. Losses register. .<br>4. Payment & book debit register.<br>5. Railway claims register. | 6. Ledger & Folio control register.<br>7. Receipt control register.<br>8. Adjustment vouchers register.<br>9. Issue control register.<br>10. Packing material register |
|---|--|

### Disposal Section

|  |  |
|--|--|
| 1. Issue control register.<br>2. Command stock unserviceable stores register.<br>3. E in C stock ledger. | 4. E in C stock unserviceable stores register.<br>5. Disposal ledger E in C & command.<br>6. Command stock ledger. |
|--|--|

|   |  |
|---|--|
| 7. Spares ledger.<br>8. Ledger control register (E in C stock).<br>9. Ledger control register (command stock) | 10. Receipt control register (command & E in C stock).<br>11. IW and command stock register. |
|---|--|

### Headquarters

|   |   |
|---|---|
| 1. Packing material register.<br>2. Contingencies register.<br>3. Losses register.<br>4. L. P. C. Register (Industrial & Non industrial)<br>5. Office equipment register. | 6. Trunk call register (military & civil).<br>7. Fines register.<br>8. Railway warrants & credit notes.<br>9. Security pass, from & issue register.<br>10. Troops amenity register. |
|---|---|

### I. W. Section

|   |  |
|---|--|
| 1. Expendable store ledger.<br>2. Non expendable stores ledger.<br>3. Fire brigade stores ledger.<br>4. Register of payment issues/scrap wood.<br>5. Register of loss statement.<br>6. Register of milk distribution. | 7. Register of lands.<br>8. Register of Usufructus.<br>9. Register of receipt control vrs.<br>10. Register of Issue control vrs.<br>11. M. T. Spares register. |
|---|--|

### M.T. Section

|   |   |
|---|---|
| 1. Vehicle kit register.<br>2. Cycle log books.<br>3. Mileage cards register (IAFZ 2212 revised).<br>4. Car diaries register.<br>5. Vehicle register.<br>6. Ledger stock & supplies register. | 7. PO L retail issue register.<br>8. Requisition of POL register.<br>9. Vehicle log books.<br>10. Payment amenity register/free amenity register.<br>11. Payment of POL register. |
|---|---|

### Repair Shop

- |                             |  |
|-----------------------------|--|
| 1. Saw mill register.       | 3. Work order with store cards register. |
| 2. Register of work orders. | 4. Plant record book register.           |

### Test House

- |                             |  |
|-----------------------------|--|
| 1. Register of work orders. | 2. Work orders with stores cards register. |
|-----------------------------|--|

### Fire Brigade

|  |   |
|--|---|
| 1. POL stock register.<br>2. Mileage cards.<br>3. Log books. | 4. Fire pump running card register.<br>5. POL requisition register.<br>6. Register of uniforms. |
|--|---|

## TRAINING CENTRES

### Establishment Section

1. Register of books and forms.
2. Railway warrants, M. C. Notes/concession vouchers etc.
3. Register of books & Publication (payment).

### Library section

1. Typewriter & duplicators ledger.
2. Register of contingencies.
3. Register of Journals/periodicals.

### Grants ledgers

- |   |   |
|---|---|
| <ol style="list-style-type: none"> <li>1. Annual Training grant.</li> <li>2. Amenity &amp; Literature grant ledger.</li> <li>3. Sports ledger.</li> <li>4. Training typewriter ledger.</li> <li>5. Weapon training ledger.</li> <li>6. Signal equipment ledger.</li> <li>7. F.P.T.G. Ledger/T.T.G.</li> <li>8. Issue &amp; receipt control register.</li> <li>9. F. T. G. Ledgers.</li> </ol> | } According to the type of training centre. |
|---|---|

### Education Branch

1. Register of stationery (Local purchase).
2. Register of forms for accounting journals books etc for which advance payments of subscription is made.
3. Books ledgers-various language books.

### Hqrs. office

- |  |   |
|--|---|
| <ol style="list-style-type: none"> <li>1. Register of books and forms.</li> <li>2. Railway warrants.</li> <li>3. Register of service books (civilians).</li> </ol> | <ol style="list-style-type: none"> <li>4. Service books.</li> <li>5. C. D. S. Ledgers.</li> </ol> |
|--|---|

### Ration Accounts

1. Ledgers as detailed for consuming units.
2. MT Accounts as per consuming units.
3. Clothing & Equipment as per consuming units.

### Technical Equipments (according to type of Trng. Centre).

- |   |   |
|---|---|
| <ol style="list-style-type: none"> <li>1. Machinery ledger.</li> <li>2. Non expendable stores ledgers.</li> </ol> | <ol style="list-style-type: none"> <li>3. Expendable stores ledger (spare parts).</li> <li>4. Tools ledgers.</li> </ol> |
|---|---|

### F. P. T. G. Ledgers

|  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1. General tools ledger.</li> <li>2. Plant &amp; Machinery ledgers.</li> <li>3. Printing stores.</li> <li>4. Books and publications.</li> <li>5. Signal stores ledger.</li> <li>6. Scientific stores ledgers.</li> <li>7. Water supply stores.</li> <li>8. p. E. stores.</li> </ol> | <ol style="list-style-type: none"> <li>9. Photographic stores.</li> <li>10. M. E. Spares.</li> <li>11. Welding stores.</li> <li>12. Electrical stores.</li> <li>13. Stationery stores.</li> <li>14. Ledger for Timber/building/metal stores.</li> <li>15. Salvage stores.</li> <li>16. Instructionally made articles.</li> </ol> |
|--|--|

|   |  |
|---|--|
| 17. Ordnance Maintenance grant.<br>18. Charts/Models. . | 19. Training films.<br>20. Equipments etc. |
|---|--|

**Signal Grant**

1. Various Technical equipment, spares and tools ledgers

**VII. Military Hospitals**

|  |  |
|--|--|
| 1. Hospital Admission and Discharge Book.<br>2. Hospital Stoppage rolls.<br>3. Hospital Clothing ledger.<br>4. Medical stores expense books (including control stores and short life items). | 5. Expense Books Locally purchase stores.<br>6. Medical and surgical equipment ledger (nonexpendable)<br>7. Crisis stores ledger, Emergency ledger.<br>8. Register of losses.<br>9. Breakage Book. |
|--|--|

**X-Ray**

1. X-ray medical equipment ledger.
2. X-ray expense book
3. List of X-ray Examination.
4. List of work done on payment (non entitled).

**Laboratory**

|  |   |
|--|---|
| 1. Laboratory medical equipment and instrument ledger.<br>2. Expense Book. | 3. Register of chemical and bacteriological examinations.<br>4. List of work done on payment. |
|--|---|

**Physiotherapy Department**

1. Treatment register for entitled persons.
2. Treatment register for non entitled persons.

**Rations**

|   |  |
|---|--|
| 1. Ration and Forage return.<br>2. Ration strength statement (IAFZ 3033).<br>3. Ration payment register.<br>4. Ration Entitlement register (payment issues).<br>5. Cash memo registers.<br>6. Cash memos. | 7. Ward's Diet sheets.<br>8. Daily ward requisition.<br>9. Daily requisition for diet and extra charges.<br>10. Monthly summary of diet and extra charges.<br>11. Other documents in respect of clothing and equipment and MT accounts as per consuming units. |
|---|--|

**Vet. Hospital**

1. Medical/Vet. Instruments ledger.
2. Vet. Reference book ledger.
3. Animal State Register Hospital.
4. Medical stores (expense book).
5. Register of losses.

Documents in respect of Ration, Clothing and Equipment and MT accounts as per consuming units.

**VI. Military Dental Centres**

|   |  |
|---|--|
| 1. Dental Medical Equipment ledger.<br>2. Dental Appliance Books. | 3. Medical stores ledger (Expendable).<br>4. Dental Treatment Books. |
|---|--|

|  |  |
|--|--|
| <ol style="list-style-type: none"> <li>5. Instrument/Non Expendable stores ledger.</li> <li>6. Registers for treatment of non entitled patients.</li> <li>7. Receipt book.</li> <li>8. Medical, surgical and X-Ray Equipment ledgers.</li> <li>9. Gift ledgers/Red Cross Stores ledger.</li> <li>10. Short life medical store ledger.</li> </ol> | <ol style="list-style-type: none"> <li>11. Register of Treatment Officers.</li> <li>12. Dental Appliance Book at Government Expense.</li> <li>13. Dental Appliance Book on payment.</li> <li>14. Breakage Book</li> <li>15. Other documents in respect of Ration, Clothing And Equipment ledgers, MT Accounts as per consuming Units.</li> </ol> |
|--|--|

### Station Health Organisation

|  |   |
|--|---|
| <ol style="list-style-type: none"> <li>1. Ordnance stores ledger.</li> <li>2. Medical stores ledgers (expendable).</li> <li>3. Medical stores ledgers (non expendable).</li> <li>4. Packing material ledger.</li> <li>5. Hygiene chemical ledger.</li> <li>6. Arms ledger.</li> <li>7. Ammunition ledger.</li> </ol> | <ol style="list-style-type: none"> <li>8. Amenity ledger.</li> <li>9. ATC ledger.</li> <li>10. Expendable stores Ledger/Incidental and Misc. Grants Stores ledger.</li> <li>11. Station Stores ledger.</li> <li>12. Local purchase stores ledger.</li> <li>13. Ordnance stores ledger.</li> </ol> |
|--|---|

### MT documents

|  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1. Unit veh. Register.</li> <li>2. Mileage cards.</li> <li>3. Car diaries.</li> <li>4. POL ledger.</li> <li>5. MT tools ledger.</li> <li>6. Log Books.</li> </ol> | <ol style="list-style-type: none"> <li>7. Amenity Transport ledger.</li> <li>8. Engine Daily Running Account Sprayer (if any held).</li> <li>9. Fire Fighting Equipment ledger.</li> <li>10. ETG ledger.</li> <li>11. Stationery Register (Local purchase).</li> </ol> |
|--|--|

### Main office

|  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1. Register and Books of forms.</li> <li>2. Railway Warrants Credit Notes and Concession Vouchers.</li> </ol> | <ol style="list-style-type: none"> <li>3. Service Books-Civilians.</li> <li>4. CD.S. Accounts civilians.</li> <li>5. Telephone Trunk Call register.</li> </ol> |
|--|--|

### Family Welfare Centres

|  |   |
|--|---|
| <ol style="list-style-type: none"> <li>1. Expendable store ledger.</li> <li>2. Non expendable store ledger.</li> <li>3. Local purchase register.</li> <li>4. Packing material register.</li> </ol> | <ol style="list-style-type: none"> <li>5. Family planning register (male).</li> <li>6. Family planning register (female).</li> <li>7. Service books Civilians.</li> <li>8. CDS accounts Civilians.</li> </ol> |
|--|---|

### Military Farms

|  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1. Cash book.</li> <li>2. Manager's coupon register.</li> <li>3. Cashier's coupon register.</li> <li>4. Redeemed coupon register.</li> <li>5. Bank balance statement.</li> <li>6. Money order register.</li> <li>7. Advance registers (demand register).</li> </ol> | <ol style="list-style-type: none"> <li>8. Receipt books.</li> <li>9. Unpaid wages register.</li> <li>10. Bank pass Books.</li> <li>11. Register of cheques received.</li> <li>12. Telephone Trunk call register.</li> <li>13. Register of Security Deposit.</li> </ol> |
|--|--|

|   |   |
|---|---|
| 14. Paid vouchers/Paying in slips/MRO/TR'S/invoices/Bills/Cheque slips.<br>15. Journal.<br>16. Classified letters: Admin, Fodder, Dairy cultivation, Cattle yard (Cow/Buff-Adult/Young stock).<br>17. Simple ledger.<br>18. B. T. cash book.<br>19. Inventory of land and building.<br>20. Inventory of Plant and Machinery.<br>21. Inventory of live stock.<br>22. Wages books (group c&d).<br>23. Service books.<br>24. CDS registers.<br>25. Railway warrants and credit notes.<br>26. Register of books and forms.<br>27. Register of books and publications. | 28. Register of losses.<br>29. Register of over time<br>30. Sales Ledger.<br>31. UPI's (office and other Sub sections).<br>32. Ammunition ledger.<br>33. Postage Account Ledger.<br>34. Revenue Ledger (licence Fee etc. Recovery ledger) and occupation references.<br>35. Meter Reader Books Electricity and Water;<br>36. Rent Assessment Ledger.<br>37. Conservance charges register.<br>38. Annual Trading, profit and Loss Accounts and Balance Sheets (vide para 350 . ALAM Part-I) .<br>39. Fines Registers.<br>40. Register of Exps. Proforma. |
|---|---|

### MT workshop section

|   |  |
|---|--|
| 1. Unit vehicle register.<br>2. MT tool register.<br>3. POL stock ledger.<br>4. Issue order.<br>5. Mileage card.<br>6. Car diaries.<br>7. Log books vehicles/engines. | 8. Expenditure register.<br>9. Works ledgers,<br>10. UPI MT.<br>11. UPI Building.<br>12. UPI Workshop.<br>13. UPI Plant and Machinery.<br>14. Register of attendance and work done (/17) |
|---|--|

### Cultivation Section

|   |  |
|---|--|
| 1. Land and cultivation register.<br>2. Tree register.<br>3. Tractor's/Engines/DRA Log Books and POL stock Register.<br>4. UPI cultivation.<br>5. Expenditure register.<br>6. Ration/fodder statement of bullocks/stable.<br>7. Weight book green fodder and silage.<br>8. Issue register for green fodder. | 9. Team register.<br>10. Manure/Fertilizer Register(s).<br>11. Seed Register.<br>12. Stock and silo Register.<br>13. Bullock Shoeing Register.<br>14. Registers of Attendance and work done.<br>15. Lease Land Register.<br>16. UBI Anti Malaria.<br>17. Grazing register.<br>18. Batai books. |
|---|--|

### Stock Yard Section

|   |  |
|---|--|
| 1. Fodder store return.<br>2. Stock and silo register.<br>3. Weigh books (bailing and Loose Hay).<br>4. Building material register.<br>5. Bailing press Log Book. | 6. UBI stock yard.<br>7. Oil Account Register.<br>8. Expendable Register and store Issue orders.<br>9. Register of attendance and work done. |
|---|--|

### Store Section

|  |   |
|--|---|
| <ol style="list-style-type: none"><li>1. Inward day book.</li><li>2. Outward day book.</li><li>3. Daily balance sheet and Store issue order.</li><li>4. Stock ledgers (separate volumes various stores)</li><li>5. Register of losses.</li><li>6. Railway receipt ledger.</li><li>7. Unpriced Inventory book.</li><li>8. Uupriced Inventory books (unserviceable store) condemnation stores.</li><li>9. MC Note/officers.</li><li>10. Rate list.</li></ol> | <ol style="list-style-type: none"><li>11. Unserviceable Part Register of machinery.</li><li>12. Bulls Account Register.</li><li>13. Expenditure register.</li><li>14. Fuel Account for warning of drying purposes (officers). .</li><li>15. Register Attendance and work done.</li><li>16. Veterinary ledger.</li><li>17. Engine log book.</li><li>18. Anti malaria conservancy register.</li><li>19. Weigh book dry.</li><li>20. Auction register.</li></ol> |
|--|---|

### Dairy Section

|  |   |
|--|---|
| <ol style="list-style-type: none"><li>1. Credit sales register.</li><li>2. IDB Dairy.</li><li>3. ODB Dairy.</li><li>4. Daily stock sheets, morning, evening.</li><li>5. Consolidated stores sheets for the day,</li><li>6. Salesman check sheets (IAF forms 876).</li><li>7. Boiler log book.</li><li>8. Stock ledger of Misc. stores dairy.</li><li>9. Expenditure register and issue orders.</li></ol> | <ol style="list-style-type: none"><li>10. Bill books and issue vouchers</li><li>11. Dhobi account book.</li><li>12. UPI (Diary).</li><li>13. Compilation register.</li><li>14. Can register.</li><li>15. Cattle yard invoice to dairy.</li><li>16. Cattle yard stock sheets.</li><li>17. Unpriced inventory book.</li><li>18. Register attendance and work done</li></ol> |
|--|---|

### Cattle Yard Section

|  |   |
|--|---|
| <ol style="list-style-type: none"><li>1. Live stock record book.</li><li>2. Daily - herd statistics register.</li><li>3. Unpriced inventory cattle yard.</li><li>4. Ration/fodder statement (buffs/calves).</li><li>5. Expenditure register and Store Issue order.</li></ol> | <ol style="list-style-type: none"><li>6. Milk record book.</li><li>7. Register of Attendance and work done.</li><li>8. Dhabi book.</li><li>9. K. Oil log book.</li><li>10. ISR (buffs).</li></ol> |
|--|---|

### Young stock/Calves section (if maintained separately)

|  |  |
|--|--|
| <ol style="list-style-type: none"><li>1. Live stock register.</li><li>2. Daily herd 'Statistics register.</li><li>3. UPI.</li><li>4. Daily Fodder Statement.</li></ol> | <ol style="list-style-type: none"><li>5. Expenditure Register and store Issue Order (fodder gram etc.).</li><li>6. Daily Ration Fodder statement.</li><li>7. Daily ration/fodder in cultivation section.</li></ol> |
|--|--|

### Veterinary Stock Live Section

|  |  |
|--|--|
| <ol style="list-style-type: none"><li>1. Stock ledgers of medicines/sera vaccines.</li><li>2. UPI Books.</li></ol> | <ol style="list-style-type: none"><li>3. Expenditure register/Issue Orders/ Expr. Vrs.</li></ol> |
|--|--|



## CANTONMENT BOARD

### Account Section

|  |  |
|--|--|
| <ol style="list-style-type: none"> <li>1. General cash book 100% receipts and subsidiary cash and payments with bills and cheques.</li> <li>2. Bank statements comparison with cash book.</li> <li>3. Permanent advance account.</li> <li>4. Classified abstracts (Receipt and Expenditure)</li> <li>5. Transfer entry register.</li> <li>6. Provident fund ledger.</li> <li>7. Provident Fund ledger (Broad Sheet).</li> <li>8. Post office pass book.</li> <li>9. Personal ledger.</li> <li>10. Pay scale register.</li> <li>11. Register of loan.</li> <li>12. Register of investment.</li> <li>13. Register of advance and deposit.</li> <li>14. Register of security deposits.</li> <li>15. Pay bills.</li> </ol> | <ol style="list-style-type: none"> <li>16. Payment vouchers.</li> <li>17. Budget estimates comparison with abstracts (receipt and expenditure).</li> <li>18. Re-appropriation statement sanction thereof.</li> <li>19. Proposition statement.</li> <li>20. Telephone Trunk Call Register.</li> <li>21. Service and leave accounts.</li> <li>22. Contracts with CDA conservancy.</li> <li>23. Contract with CDA for supply of stores.</li> <li>24. Minimum balance 10% on 31st March.</li> <li>25. Overtime register.</li> <li>26. Annual consolidated account.</li> <li>27. Grant-in-Aid Central and Provincial.</li> <li>28. Cash book pension fund account and payment vouchers</li> </ol> |
|--|--|

### Toll

- |  |   |
|--|---|
| <ol style="list-style-type: none"> <li>1. Toll Tax Cart Road.</li> </ol> | <ol style="list-style-type: none"> <li>2. Permanent Advance.</li> </ol> |
|--|---|

### Tax Section

|   |  |
|---|--|
| <ol style="list-style-type: none"> <li>1. Subsidiary cash book receipts from challans and receipt books.</li> <li>2. Cheque register (not provided in CAC but necessary with reference to rule 25 (b) (ii).</li> <li>3. Register of undisbursement amount.</li> <li>4. Stamp account (revenue).</li> <li>5. Assessment list.</li> <li>6. Demand and collection register-water tax.</li> <li>7. Demand and collection register-house tax.</li> <li>8. Misc. Collection and demand register (short rent, toll tax, market rent, fee, job porter licence fee and contribution).</li> </ol> | <ol style="list-style-type: none"> <li>9. Dog tax register.</li> <li>10. Auction sale register (shop and market).</li> <li>11. Scavenging fee and dhobighat fee register.</li> <li>12. 'C' land realization of recovery register.</li> <li>13. Scavenging tax register.</li> <li>14. Motor parking register.</li> <li>15. Ground rent register, schedule (III).</li> <li>16. Trade licence fee register.</li> <li>17. Fines and penalty register.</li> <li>18. Warrant and notice fee register.</li> <li>19. Meter reader book.</li> </ol> |
|---|--|

### Record Section

|   |  |
|---|--|
| <ol style="list-style-type: none"> <li>1. Composition fee register (forest and other than forest).</li> </ol> | <ol style="list-style-type: none"> <li>2. Postage stamp account register.</li> <li>3. Auction sale register of trees etc.</li> </ol> |
|---|--|

### Store Section

|  |  |
|--|--|
| 1. Stock books moveable property.<br>2. Stock books water supply.<br>3. Stock books expendable store.<br>4. Stock book condemned article register.<br>5. Vehicle log book. | 6. Driver's car diary.<br>7. Mileage card.<br>8. Petrol account register.<br>9. Uniforms register. |
|--|--|

### Stationery Account

|  |   |
|--|---|
| 1. Register of stationery.<br>2. Cantt. B forms register.<br>3. Register of land forms.<br>4. Register of miscellaneous books/forms. | 5. Register of stationery (non expendable article).<br>6. Register of toll receipt book.<br>7. Register of library books. |
|--|---|

### Overseer Account

|   |  |
|---|--|
| 1. Register of works.<br>2. Account of original works.<br>3. Measurement book.<br>4. Contract agreements. | 5. Tender for works and supplies.<br>6. Stock book immovable property.<br>7. GLR register. |
|---|--|

### S.I.s Account

|  |  |
|--|--|
| 1. Fine book.<br>2. Cattle pound register.<br>3. Slaughter house fee register. | 4. Conservancy moveable property register.<br>5. Cash book cattle pound. |
|--|--|

### Hospital Accounts

|   |  |
|---|--|
| 1. Hospital stock books medicines.<br>2. Diet register.<br>3. Admission register.<br>4. Maternity fee and birth register. | 5. Receipts and challans.<br>6. Register of permanent advance of MO.<br>7. OPD book. |
|---|--|

### School Account High School

|   |  |
|---|--|
| 1. Moveable property register.<br>2. Stamp accounts.<br>3. Fee accounts.<br>4. Science register.<br>5. Library register.<br>6. Attendance Registers (class wise), | 7. Art and Book craft register.<br>8. Primary School Company Bagh.<br>9. Moveable property register.<br>10. Fee Registers.<br>11. Attendance register. |
|---|--|

### Primary School Kalagarhi

|   |                         |
|---|-------------------------|
| 1. Movable property register.<br>2. Fee accounts. | 3. Attendance register. |
|---|-------------------------|

### Resin Account

|  |  |
|--|--|
| 1. Monthly weight register.<br>2. Consumption of solder and flux.<br>3. Monthly import of resin. | 4. Monthly account register.<br>5. Resin stock book. |
|--|--|

## Public Library

1. Stock Book Library.

## III. Recruiting Offices

|   |  |
|---|--|
| 1. Publicity stores ledger.<br>2. Medical equipment ledger.<br>3. Medicine expenses ledger.<br>4. SP testing material ledger. | 5. Contingent grant ledger.<br>6. Other documents in respect of rations, clothing and equipment ledgers, MT accounts as per consuming unit |
|---|--|

## IV. Transit Camps

1. Arrival and departure book/Register for transients.
2. Arrival and departure book/register for parties in convoys.
3. Other documents in respect of rations, clothing and Equipment ledgers, MT accounts as per consuming units.

## TA UNITS

### Clothing

|  |  |
|--|--|
| 1. Personnel clothing: Regular Army Personnel.<br>2. Personnel clothing TA Personnel.<br>3. Special clothing for Unit Cooks etc.<br>4. Public clothing and equipment ledger.<br>5. Officer's payment clothing & equipment ledger.<br>6. List of books and forms. | 7. Railway warrants/credit notes.<br>8. Losses register.<br>9. Repair book-Tailor/Boot repair.<br>10. Expendable stores ledger.<br>11. Loan register.<br>12. Condemnation board register for clothing and personal equipments. |
|--|--|

### Ration, MT Accounts as per consuming units. Equipments

|  |   |
|--|---|
| 1. General stores and equipment ledgers.<br>2. Small arms ledgers. 21-252 CGDA/92<br>3. Ammunition register.<br>4. Cooking utensils.<br>5. Tools ledger for barber, washerman, Tailors, carpenters, blacksmith and linemen.<br>6. Signal equipments and radio sets.<br>7. Expendable stores.<br>8. Armourers tools.<br>9. Gauges small arms. | 10. Armourers spare parts.<br>11. Non expendable stores MI Room.<br>12. Expendable stores MI Room.<br>13. PT equipments.<br>14. Packing material ledger.<br>15. Tentage stores loans.<br>16. Station stores.<br>17. Training stores.<br>18. Trophies ledger.<br>19. Hygiene and chemicals ledger. |
|--|---|

### Adjutant Branch

1. Annual Training Grant Ledger.
2. Office Equipment ledger.
3. Incidental charges ledger.
4. Payment stationery ledger.

### PRI Branch

1. Amenity stores ledger.
2. Educational Training Grant Ledger.

## N.C.C. Units

|  |  |
|--|--|
| 1. Clothing ledger-senior division.<br>2. Clothing ledger-junior division.<br>3. Equipment ledger. | 4. Arms ledger.<br>5. Ammunition ledger. |
|--|--|

## P.I. Stock

|  |   |
|--|---|
| 1. Personal clothing and necessaries.<br>2. Public clothing and necessaries.<br>3. FI clothing ledger. | 4. Amenity and literature grant ledger.<br>5. Condemnation board register.<br>6. Deserter register. |
|--|---|

## Miscellaneous

|   |   |
|---|---|
| 1. Register of losses.<br>2. Expendable stores ledger.<br>3. Salvage stores ledger.<br>4. Packing material ledger.<br>5. Repair book (clothing/boot)<br>6. Loan stores register.<br>7. Office contingencies stores ledger.<br>8. Tentage ledger.<br>9. Station stores ledger.<br>10. Fire fighting equipment ledger.<br>11. Education Training Grant Ledger.<br>12. Map register (if held). | 13. Register for fuel for warming purposes.<br>14. Register of Books and Forms.<br>15. Railway warrants, credit notes and concessional vouchers.<br>16. Cycle ledger/log books.<br>17. Unit vehicle ledger/register.<br>18. MT tools and kit stores ledger.<br>19. Log books.<br>20. Free/payment amenity transport ledger.<br>21. Officer camp kit ledger. |
|---|---|

## Addl. for Armed SQN

|   |   |
|---|---|
| 1. Vehicle gunnery tools and equipment ledger.<br>2. A vehicle fitted arms.<br>3. Equipment and tools ledgers of special equipment i.e. Wireless, wireless ground set, chain carriers, arty guns, charging sets etc. (if held). | 4. Telephone set (wireless set ground ledger).<br>5. Charging sets VDRA & Log Books.<br>6. POL ledger-charging set.<br>7. Camp stores ledger. |
|---|---|

## Addl. For Medical Units

1. Medical non-expendable stores ledger.      2. Medical expendable stores ledger.

## STATION HQRS AND S.T.O.

### Station Transport Officers

|   |  |
|---|--|
| 1. Transport indent register (MT & AT).<br>2. Transoect indents.<br>3. Weekly return of available transport in units (MT & AT). | 4. Hired transport register.<br>5. Amenity transport register.<br>6. Payment transport register. |
|---|--|

### Station Hqrs.

1. Office contingent grant ledger.      3. Packing material ledger.  
2. Local purchase stationery register.      4. Amenity ledger.

**Retail shops/Ration Stands of units****Central stock ledger:**

|   |  |
|---|--|
| 1. Basic, necessary, fresh supplies (vegetables) fruit, mutton and bread etc. grain fodder, fuel, P.M. Pol etc. | 5. Stock verification register.                            |
| 2. Entitlement register.  | 6. Variety percentage register.                            |
| 3. Cash memos.  | 7. Register of losses.                                     |
| 4. Register of books and forms.   | 8. Reconciliation statement register (dry & fresh items) . |
|   | 9. Daily balance statement.                                |

**EMBARKATION HEADQUARTERS****MAIN OFFICE****Shipping Branch**

|  |  |
|--|--|
| 1. Import transit ledger (Defence Consignments). | 4. Air Freight register.                         |
| 2. Import transit ledger (HAL Consignments).     | 5. Register of claims written off by commandant. |
| 3. Register of claims;                           | 6. Register of notice of liabilities.            |

**Packing Accounts Section**

|  |   |
|--|---|
| 1. Register of packing accounts-IAF.               | 4. Register of packing accounts-freight cases ARMY. |
| 2. Register of packing accounts-Navy               | 5. Register of packing accounts-freight cases Navy. |
| 3. Register of packing accounts-freight cases IAF. | 6. Register of packing accounts-ISM London.         |

**Passage Section**

|                                 |   |
|---------------------------------|---|
| 1. Register of books and forms. | 3. Register of claims for refund of CD for short landed/damaged/missing packages. |
| 2. Railway warrants             |   |

**Chhappa Section**

|  |  |
|--|--|
| 1. Registers of refund claims.                               | 4. Pass book for various docks.                    |
| 2. Register of chhappas forwarded to CDASC Pune.             | 5. Reconciliation statements imprest accounts BPT. |
| 3. BPT receipt books for receipt of cheques issued by CDASC. |  |

**ITC Section**

1. Register of unlinked packages.
2. Register of credit notes for packages cleared without documents.

**Admin branch**

|   |   |
|---|---|
| 1. Packing material register (Main office). | 7. Office equipments register of N/official books and publications. |
| 2. Packing Material register (I.R.O.V.T.).  | 8. Public fund stock ledger-Misc. contingencies.                    |
| 3. Register of books and forms.             | 9. Register of special leave.                                       |
| 4. Railway warrants.                        | 10. Index ledger CDS w.e.f. 1975.                                   |
| 5. Telephone Trunk Call Register.           |   |
| 6. Service books.                           |   |

|   |   |
|---|---|
| 11. Register showing advances payments for periodicals/periods.<br>12. Register of service books (civilians). | 13. Overtime, register.<br>14. Register of service books for Industrial personnel |
|---|---|

### **MFO (LABOUR SECTION)**

|   |   |
|---|---|
| 1. Labour register to summary for Army, Navy and IAF.<br>2. Muster rolls.<br>3. Attendance register (casual labourers)<br>4. Over time register.<br>5. Control register for convey notes (Import section) | 6. Register of books and forms.<br>7. M.C. Notes/Railway warrants.<br>8. Control register of convey notes (Export section)<br>9. Register of Seal Air Freight parcels (Export Section)<br>10. Hired Transport Registers/Indent Tracks/Cranes. |
|---|---|

### **Quarter Master and M.T. Branch**

Documents as listed against Rations, Clothing and Equipment and M.T. Accounts for consuming units.

#### **List of auditable documents: Military School Ration**

- |                   |                            |
|-------------------|----------------------------|
| 1. Ration return. | 3. Payment issue register. |
| 2. IAFZ 3033.     | 4. Entitlement register.   |

#### **POL Accounts**

|  |   |
|--|---|
| 1. Unit vehicle register.<br>2. VDRA.<br>3. Log books.<br>4. Duty slips. | 5. IAFZ 3020.<br>6. Amenity payment register.<br>7. POL Payment Register.<br>8. POL Register and Requisitions |
|--|---|

#### **Clothing**

|  |   |
|--|---|
| 1. Boys clothing ledgers.<br>2. Followers clothing ledger.<br>3. Personnel equipment and public clothing ledger. | 4. Repair books. Tailors, mochi (bootmaker) and dhobi<br>5. Expense book.<br>6. Condemnation board register |
|--|---|

#### **Equipment and Stores**

|   |   |
|---|---|
| 1. Contingencies ledgers.<br>2. Station store ledgers.<br>3. Small Arms and Amn. ledger.<br>4. MT stores ledgers.<br>5. Unit eqpt. ledger.<br>6. Unit equip, expense stores ledger.<br>7. Conservancies store ledger. | 8. Muscatery store ledger.<br>9. PM ledger.<br>10. Boys mess ledger.<br>11. Register of losses.<br>12. MT ledgeJ.1 (New).<br>13. Bicycle books. |
|---|---|

### **Main Office**

|   |  |
|---|--|
| 1. Office Egupt ledger.<br>2. Office stationery ledger.<br>3. Principals fund ledger.<br>4. Register of books and forms.<br>5. Rly. warrants and credit notes.<br>6. Tuition fee registers.<br>7. Service books register. | 8. Service books.<br>9. Caution money accts.<br>10. Scholarship register<br>11. Escort fee register.<br>12. Supply of books and stationery to day scholars and Boarders Registers.<br>13. Cheques/Draft Register (From parents). |
|---|--|

### **Hobbies and Handicrafts.**

|  |  |
|--|--|
| 1. Hobbies and Handicrafts ledgers.<br>2. Hobbies and Handicrafts expense store ledger.<br>3. Photographic stores ledgers. | 4. Music store ledgers.<br>5. Dramatic store ledgers.<br>6. Art. Material ledger |
|--|--|

### **Library**

1. Text books ledgers.
2. Library books ledgers.
3. Stationery ledger.

### **Sports Ledgers**

1. Sports Ledgers.
2. Sports expense ledger.
3. P&T eqpt ledger.
4. Currs ledgers.

### **NCC stores**

|  |  |
|--|--|
| 1. NCC stores ledger (Army Wing).<br>2. Repair book Army Wing. | 3. NCC (Air Wing Troops) ledger expendable and non expendable. |
|--|--|

### **Science Section**

|   |   |
|---|---|
| 1. Mechanics.<br>2. Hydrostatics.<br>3. Heat.<br>4. Light<br>5. Sound.<br>6. Electricity.<br>7. Magnetism.<br>8. Physician and Misc stores.<br>9. Glass ware.<br>10. Chemistry ledger.<br>11. Charts. | 12. Biology and general.<br>13. Biology apparatus.<br>14. Biology (zoology).<br>15. Biology (botany).<br>16. Biology glass wares.<br>17. Biology chemicals.<br>18. Packing material.<br>19. Furniture.<br>20. Ordnance stores.<br>21. Project/IP.<br>22. Glass plant log books. |
|---|---|

### **Miscellaneous**

|   |   |
|---|---|
| 1. Scouting ledger.<br>2. Geographical ledgers (maps &, charts).<br>3. Cultural Grant ledger. | 4. Prize ledger.<br>5. Kinematographic equipment ledgers. |
|---|---|

## Documents maintained in Chief Engineer Offices

(Referred to in Para 845)

### A. Personnel and Administration

|   |  |
|---|--|
| (1) Register of Service Books             | (7) Register of Losses                   |
| (2) Register of Private Arms.             | (8) Register of Books and Publications   |
| (3) Register of Warrants and Credit Notes | (9) Packing Material Ledger              |
| (4) Stamp Account Register                | (10) Register of Appropriations          |
| (5) Register of Telephone Trunk Calls     | (11) Register of Survey and Mathematical |
| (6) Register of Contingent Stores         |  |

### B. Cash Accounts

|                              |                                    |
|------------------------------|------------------------------------|
| (1) Cash book                | (4) Check Register of Money Orders |
| (2) Cash Assignment Register | (5) Register of Unpaid Wages       |
| (3) Register of Cheque Books | (6) Demand Register.               |

### C. F.O.L. Accounts

|                                |                                       |
|--------------------------------|---------------------------------------|
| (1) Mileage card (Revised).    | (5) Requisition of FOL, Part I        |
| (2) Car Diary/Duty Slips       | (6) Vehicle Log Book                  |
| (3) Vehicles Register          | (7) FOL Retail Issue voucher, Part II |
| (4) Ledger of Stock & Supplies | (8) Payment Transport Register        |

### D. Store Accounts

|  |   |
|--|---|
| (1) Unit Clothing and Equipment Ledger | (12) Amenity Stores Ledger  |
| (2) Personal Clothing and Equipment    | (13) Register of Sanctions for local Purchase                           |
| (3) Identity and Personal Book         | (14) Register of Rentable buildings                                     |
| (4) Loan Issue Register                | (15) Occupation Return (IAFZ 2170)                                      |
| (5) Extra issue Clothing Ledger        | (16) Furniture Distribution Ledger (I.A.F.W. 1814)                      |
| (6) Arms and Ammunition Ledger         | (17) Furniture Hire Statement   |
| (7) Tentage Ledger                     | (18) Return of Recoveries Water (IAFW 2218) and Electricity (IAFW 2298) |
| (8) Fire Fighting Equipment Ledger     |   |
| (9) Repair material Ledger             |   |
| (10) Medical Stores Ledger             |   |
| (11) Expendable Stores Ledger          |   |

## Documents maintained in Task Forces Hqrs.

(Referred to in Para 847 (ii))

### A. Personnel and Administrations

|   |   |
|---|---|
| (1) Register of Service Books             | (6) Register of Books and Publications              |
| (2) Register of Warrants and Credit Notes | (7) Register of Losses                              |
| (3) Stamp Account Register                | (8) Packing Material Ledger                         |
| (4) Register of Telephone Trunk Calls     | (9) Register of Survey and Mathematical Instruments |
| (5) Register of Contingent Stores         | (10) Register of Appropriations                     |



**B. Cash Accounts**

|                              |                                    |
|------------------------------|------------------------------------|
| (1) Cash Account book        | (4) Check Register of Money Orders |
| (2) Cash Assignment Register | (5) Register of Unpaid Wages       |
| (3) Register of Cheque Books | (6) Demand Register                |

**C. F.O.L. Accounts**

|                                |                                       |
|--------------------------------|---------------------------------------|
| (1) Mileage card               | (6) FOL Retail issue voucher, Part II |
| (2) Car Diary/Duty Slips       | (7) Vehicle Log Book                  |
| (3) Vehicles Register          | (8) Payment Transport Register        |
| (4) Ledger of Stock & Supplies | (9) Plant Record Book                 |
| (5) Requisition of FOL, Part I |                                       |

**D. Store Accounts**

|  |   |
|--|---|
| (1) Unit Clothing and Equipment Ledger | (12) Register of Sanctions for local Purchase                           |
| (2) Personal Clothing and Equipment    | (13) Register of Rentable buildings                                     |
| (3) Identity and Personal Book         | (14) Occupation Return (IAFZ 2170)                                      |
| (4) Loan Issue Register                | (15) Furniture Distribution Ledger (I.A.F.W. 1814)                      |
| (5) Extra issue Clothing Ledger        | (16) Furniture Hire Statement   |
| (6) Arms and Ammunition Ledger         | (17) Return of Recoveries Water (IAFW 2218) and Electricity (IAFW 2298) |
| (7) Tentage Ledger                     | (18) Expendable Stores Ledger (Pertaining to Unit Administration)       |
| (8) Fire Fighting Equipment Ledger     |   |
| (9) Amenity Stores Ledger              |   |
| (10) Register of Trees felled.         |   |
| (11) Register of Explosive Stores      |   |

(Auth: Para 791 Annexure 23 of BR Regns. 1993 Reprint) as amended by amendment No. 66 read with Annexure 29).

**E. Work Accounts**

|  |  |
|--|--|
| (1) Register of Administrative Approvals   | (10) Measurement Book                              |
| (2) Register of Technical Sanctions  | (11) Register of Muster Rolls                      |
| (3) Register of Appropriation  | (12) Register of Quotations                        |
| (4) Register of Buildings  | (13) Register of Local Purchase Stores             |
| (5) Register of Roads  | (14) Security Deposit Register                     |
| (6) Register of bridges  | (15) Demolition Register                           |
| (7) Construction Accounts (maintained by Accounts officer attached to the formation) | (16) Rent Assessment Ledger                        |
| (8) Furniture Ledger   | (17) Register of Barrack Damages                   |
| (9) Fan and Meter Register   | (18) Register of losses                            |
|  | (19) Store in Hand Ledger for Construction Stores. |
|  | (20) Expendable Stores Ledger                      |

**F. Miscellaneous**

- (1) Salvage Ledger
- (2) Medical Stores Ledger  
(Annexure 23 of BR Regulations 1993)

**List of Auditable documents RCC  
(Referred to in Para 849 (i))**

**E 1 Section**

|                                   |                               |
|-----------------------------------|-------------------------------|
| (1) Register of Railway Warrants  | (4) Office Equipment register |
| (2) Railway Warrants and CC Notes | (5) Postage accounts register |
| (3) Service documents             |                               |

**E 4 Section**

|                              |                           |
|------------------------------|---------------------------|
| (1) FOL ledger               | (7) PM ledger             |
| (2) Vehs/Eqpts/Plants ledger | (8) Salvage ledger        |
| (3) Kilometre cards          | (9) TTB ledger            |
| (4) Duty slips               | (10) Expendable ledger    |
| (5) Car diaries              | (11) Plant Running Record |
| (6) MT tools ledger          |                           |

**E 3 Section**

|                                 |                                     |
|---------------------------------|-------------------------------------|
| (1) Unit eqpt. ledger           | (12) Salvage ledger vol. I & II     |
| (2) Clothing ledger             | (13) Army clothing ledger           |
| (3) Fire fighting ledger        | (14) Loss statements register       |
| (4) T&P ledger                  | (15) Expendable stores ledger       |
| (5) Amenity ledger              | (16) Army Public Clothing ledger    |
| (6) Bailey bridge register      | (17) Medical stores ledger          |
| (7) Survey instruments register | (18) Issue/Receipt control register |
| (8) Furniture ledger            | (19) Salvage clothing ledger        |
| (9) Arms & Ammn. ledger         | (20) Individuals clothing cards     |
| (10) PM ledger                  | (21) Court Store ledger             |
| (11) Tentage ledger             |                                     |

**E 5 Section**

|  |                           |
|--|---------------------------|
| (1) FRMD Registers of 70 RCC and 397 RMP | (3) Imprest Account       |
| (2) Cash Assignment Cash Book            | (4) Field imprest Account |
|  | (5) Public Fund Account   |

**E 2/ E8 Section**

- |                         |                       |
|-------------------------|-----------------------|
| (1) Cost Control Return | (3) Handing Contracts |
| (2) MERs                |                       |

**List of Auditable documents BCC  
(Referred to in Para 849 (ii))**

**EIA Sec**

|                            |                                   |
|----------------------------|-----------------------------------|
| (1) Service Documents      | (4) Books & Publications          |
| (2) Railway Warrants       | (5) Public Fund Account Cash Book |
| (3) Service label register |                                   |

**EIP Sec**

- (1) FRMO Register

**E2 Sec**

|                              |                                       |
|------------------------------|---------------------------------------|
| (1) Register of felled trees | (4) Register of Rentable Buildings    |
| (2) Road material register   | (5) Occupation Return (IAFZ-2170)     |
| (3) RTME                     | (6) Furniture Hire statement Register |

**E3 Sec**

|                             |                                  |
|-----------------------------|----------------------------------|
| (1) T&P Register            | (9) Packing material ledger      |
| (2) Bridge Equipment ledger | (10) Expendable materials ledger |
| (3) Furniture ledger        | (11) Survey Instrument ledger    |
| (4) Lab Equipment ledger    | (12) Receipt Control ledger      |
| (5) Office Equipment ledger | (13) Clothing ledger (Pers)      |
| (6) Unit Equipment ledger   | (14) Clothing ledger (Unit)      |
| (7) Salvage Register        | (15) LS Register                 |
| (8) Amenity ledger          |                                  |

**E4 Sec**

|                                 |   |
|---------------------------------|---|
| (1) Unit Vehs/ Equipment ledger | (5) Kilometer/ Hrs Cards                          |
| (2) Tools ledger                | (6) Car Diary/ Duty Slips/Log Books               |
| (3) FOL Register                | (7) Construction equipment ledger (minor Equpts.) |
| (4) Voucher Control ledger      |   |

**E6 Sec**

- (1) Drawing Stationery ledger                      (2) Drawing instrument/ Top Sheet ledger

**Documents Maintained in Road Maintenance Platoons  
(Referred to in Para 849 (ii))**

|   |  |
|---|--|
| (1) Basic Clothing Ledger                   | (8) Free remittance money order Register |
| (2) E-1/ Snow Clothing Ledger               | (9) Service Book Register                |
| (3) Unit equipment ledger                   | (10) Deserter Register                   |
| (4) Condemnation Board Register             | (11) Tentage/ Tarpauline Ledger          |
| (5) Packing material ledger                 | (12) FOL Ledger                          |
| (6) Discharge/ deserter clothing Register   | (13) Register of losses                  |
| (7) Receipt/ Issue voucher Control Register | (14) Expendable stores ledger            |
|   | (15) Amenity Ledger                      |

**SERIAL No. 8**

Fly Leaf Instructions for instructional order book.

Object:-To record orders relating to the detailed work of the L.A.Os office and/or in amplification of the orders issued by a higher authority.

Authority:-Appendix 'D' of Army Local Audit Manual Part I.

(1) Each L.A.Os office will maintain a book of instructional orders issued by the L.A.O. relating to the detailed work of the section or in amplification of the orders issued by a higher authority. The book will contain the details of distribution of work in the office, orders relating to attendance, discipline, administration, etc.

(2) It will also contain subsidiary instructions issued by the. L.A.O. On the A.Is, A.Os Command orders, part 10.0 and circulars issued by the M.O.

(3) All such instructional orders will be noted and initialled by the superintendent and clerks of the LAO's office.

(4) The book will be submitted to the L.A.O. each time an order is issued and also monthly on the 5th.

**SERIAL No.9**

**FLY LEAF INSTRUCTONS FOR REVIEW REGISTER**

Object :-To record the result of review of orders and sanctions which have to be discussed in a Conference to be held by the RAO./LAO monthly on a convenient date/dates.

Authority :-Para 4 of Army Local Audit Manual, Part I.

The register will be maintained in the proforma given below:

(2) It should be ensured that no order/circular which bears a directive of the L.A.O./RAO. for entry in the review register is filed without its having been entered in this register and the serial no. of the entry entered therein.

(3) The register will be submitted to the RAO/ L.AO. by the 7th of every month.

| Reference to the letter/order<br>A.O. A.I.C.O etc. | Subject | Point discussed in<br>the conference | Result of<br>discussion | Directions of<br>LAO/RAO | Remarks |
|--|---------|--------------------------------------|-------------------------|--------------------------|---------|
| 1  | 2       | 3                                    | 4                       | 5                        | 6       |

**SERIAL No. 11**

Fly Leaf Instruction for register of stores losses (for L.AO's/L.A Superintendent's A.L.A.O.s's, offices only)

Object :-To facilitate preparation of quarterly statement of stores losses for eventual inclusion in appropriation accounts.

Authority:-Para 22 of Army Local Audit Manual, Part I.

The register will be maintained in form I.A.F. (C.D.A.) 341 and the various columns will be completed as and when transactions occur.

2. As the statements are being compiled quarterly illstead-of annually column-15 of the form may be amended to read as quarterly statement in which - included.

3. Except in the case of losses MT Accidents, vide Rule 74 (iv) F.R Part I amount actually written off by the competent financial authority should be indicated to columns iv as this amount alone has to be included in the statement of store losses.

4. Classification of the loss category-wise, vide Annexure 'C' para 553 of Defence Audit Code is most important and a loss statement will have, therefore, to be correctly noted in the category to which it belongs. The printed instructions on I.A.F. (C.D.A.) 341 should also be borne in mind.

5. The entries in the register will be test checked by the superintendent and the LA.O. The entries should be made concurrently with audit or immediately after completion of audit of each unit/formation. '

6. Notes of important losses (i) those exceeding Rs. 75,000 in each case due to theft, fraud or neglect and (ii) those exceeding Rs. 2,00,000 in each case due to other causes will be kept in the register for purpose of annotation, vide paras, 550 & 553 of Defence Audit Code.

**NOTE:** Losses below Rs. 500 in respect of consuming units will not be included in the register. The register will be submitted to the L.A.O./RA.O. on the 10th of each month.

### **SERIAL No. 17**

Fly Leaf Instruction for register of items expenditure over Rs. 50,000 in each case incurred without the sanction of the Government of India, for inclusion in Annual Audit Certificate.

Object: To facilitate inclusion of item of expenditure exceeding Rs. 50,000 in each case in the Annual Audit Certificate.

Authority: Para 554, Defence Audit Code.

The register will be maintained in the proforma given below:

2. The items entered in the register will be constantly reviewed and government sanctions wherever received will be entered therein so as to avoid their inclusion in the Audit Certificate.

3. Where no progress has been made by the executive as seen from the remarks in column 10, action has to be taken to report the details of the case to the next higher authority where necessary.

4. The register will be completed in all respects to facilitate the preparation of the annexure to the A.A.C. without having to address the executive authorities for factual information time and again.

5. The register will be submitted to the L.A-O/ R.A-O. by the 10th of each month.

| Sl. No. | Brief Particulars of item | Exact period during which the expenditure was incurred | Amount (Financial) year wise breakup to be noted in case the Expenditure relates to more than one financial year | Head of account | Circumstance in which the expenditure was incurred and/or admitted without the necessary authority. |
|---------|---------------------------|--|--|-----------------|---|
| 1       | 2                         | 3  | 4  | 5               | 6   |

| No. & date of memo under which the objection was first raised | Reasons for the delay, if any in raising the objection | Date on which the case was reported comd/service, HQ. | Subsequent progress of the objection | Remarks |
|---|--|---|--------------------------------------|---------|
| 7   | 8  | 9   | 10                                   | 11      |

### **SERIAL No. 18**

Fly Leaf Instructions for the maintenance of compensatory leave register.

Object: To ensure that compensatory leave is granted only to those who are entitled for it.

Authority: Para 226, Office Manual, Part I.

This register is maintained to show the particulars of the individuals who are entitled to compensatory leave and also the days on which such leave is granted when applied for by them. The names of only those members who are required under the orders of the Officer-in-Charge, section to attend the office on a Sunday or Gazetted holiday under negotiable instruments act, for work of urgent and special nature, will be shown in this register., Applications from those who attend the office either of their own accord or under orders to clear off arrears pertaining to their legitimate work will not be recorded in this register.

2. Whenever members of the establishment are ordered to attend the office on Sunday or on a Holiday as stated above, the names of those individuals with the dates on which they have attended the office will be noted in this register and with reference to these entries, leave in compensation to the duty performed on these days will be granted when applied for' by them. To ensure uniformity in the procedure, the register will be maintained in, the following proforma :

| Sl. No. | Name of the individual | Date on which duty performed | Initials of the Senior Superintendent/Officer-in-Charge | Date on which Compensatory leave is applied for | Orders of the sanctioning authority |
|---------|------------------------|------------------------------|---|---|-------------------------------------|
| 1       | 2                      | 3                            | 4   | 5   | 6                                   |

3. The register will be submitted to the Officer-in-Charge duly completed on the 10th of each month.

### **SERIAL No. 19**

Fly leaf instructions 'for the register showing names of units/formations included in the report of MFAI

Object: To keep a record of and watch the progress of settlement of item included in the report on MFAI.

Authority: Para 523 to 526 Defence Audit Code (1972 edition).

The register will be maintained in the following proforma:

| Sl. No. | Name and location of unit | Details of irregularity | Period | When first detected & included in the report | Progress | When finally settled showing the no.& date of CDA communication |
|---------|---------------------------|-------------------------|--------|--|----------|---|
|---------|---------------------------|-------------------------|--------|--|----------|---|

2. As soon as an irregularity comes to notice which merits inclusion in the report on MF AI (vide para 523) Defence Audit Code (1972 edition) a detailed report should be submitted to the main office for obtaining their concurrence for the inclusion of the item in the report. After the concurrence of the main office has been received the item will be included in the report. The MFAI report should not be made a vehicle for notifying trivial and unimportant items of irregularity and lapses which are susceptible of settlement locally.

3. The register will be completed with reference to the data contained in the report on MFAI. The cases should be pursued vigorously with Administrative authorities with a view to expedite the final settlement and the progress noted in the quarterly report on MFAI in the register.

4. When sanction for the condonation or regularisation of an irregularity is received, it will be seen whether it covers all points of irregularity included in the MFAI item. The item will be deleted from the MFAI report after obtaining the concurrence of the main office and no. and date of C.D.A's communication noted in the register.

5. The register will be submitted to the L.A.O/ R.A.O. on the 10th of each month.

### **SERIAL No. 23**

Fly Leaf Instruction for register for watching the receipts of duplicate copy of the punching media in respect of inter-service transactions.

Object: To watch the receipt of duplicate copy of the punching media from the Controllers of the receiving services.

Authority C.G.D.A's Important Order No. 3/53.

1. This register will be maintained in a manuscript form in the proforma given on the next page by all L.AO's/Station Local Auditors/ALAO's.

2. Columns 1 to 6 of the register will be completed as and when the vouchers in respect of stores issued to other services are received and dealt with column 7 will be completed on receipt of the duplicate copy of the punching media from the parties concerned.

3. The entries will be reviewed monthly and prompt action taken to obtain the duplicate copies of the punching media in respect of the outstanding items.

4. This register will be submitted to the L.AO by 5th of each month for his inspection.

#### **Proforma for the maintenance of the register of inter service transactions between Army, Navy and Air Force**

| Sl. No. | Name of the Consignor | Number and date of the issue Voucher | Amount Rs. P | Controller of the receiving service to whom scheduled | Number and date of letter under which forwarded | Number and date of the communication under which the duplicate copy of Punching Media was received from the Controller of the receiving service | Remarks |
|---------|-----------------------|--------------------------------------|--------------|---|---|---|---------|
| 1       | 2                     | 3                                    | 4            | 5   | 6   | 7   | 8       |

**Register of Corrections Posted**

| No. and date<br>of correction | Para affected | Initials of<br>person posting<br>correction | No. and date<br>of correction | Para affected | Initials of<br>person posting<br>correction |
|-------------------------------|---------------|---|-------------------------------|---------------|---|
| 1                             | 2             | 3   | 4                             | 5             | 6   |
| <hr/>                         |               |   |                               |               |   |



**APPENDIX-II**

**Extract of Important AO/AI**

|   |  |   |
|---|--|---|
| SAO 1/S/2002-<br>Para 99 of SAO 1/S/2002-   |  | Supply of Proceedings of court of Inquiry and court martial to Audit Authorities.<br>As per (i) Govt. of India memorandum No.312/MD(AG)/305-S/D(Coord) dated 17 March/1 April 52 and (ii) No.68/52/5114-M/D (Coord) dated 21 <sup>st</sup> September 53 have been reproduced as Appendix 'E' & 'F' to this order. |
| Prompt disposal of outstanding audit objections-(Internal & Test Audit)   |  | A/07106/AG/Budget dt. 16/22 October 73 modified vide 08 August-74, 24 September 74 & 16 June 89   |
| (Authority: Brochure on Reports and Returns sponsored by DTEs of Army Headquarters published by AS OA DG System AHQ New Delhi 1998. |  |   |
| A/1/24/76 as amended 26/85  |  | upto 30 Kms beyond this Govt. sanction is necessary.  |
| AI/15 of 87   |  | Provision of service transport for the school going children of officers, JCOs & ORs.   |
| AI/29 of 85   |  | Temporary commission in the Army Postal Services –Revised terms and conditions of service.  |
| Annexure to AI 10 of 1985   |  | memorandum of instructions regarding Technical Training and instruction/Equipment grant Armored Corps   |
| AO 1/97   |  | Investigation and Disposal of General Complaints i.e. signed complaints, Pseudonymous complaints & Anonymous complaints.<br>Govt. of India, Min. of P, PG & Pensions (Deptt. of P&T) OM No.321/R/9)-AVD.III dated 29 <sup>th</sup> September 1992.  |
| AO 19/97  |  | Supreme court ruling which lays down that a person appointed directly to higher post, service, grade or time scale of pay can not be reduced by way of punishment to a post which be never held before.   |
| SAI 3/98  |  | Grant of short service commission in the India Army (non-technical) terms and conditions.   |
| SA9/1/S/98-2/S/98   |  | Revision of scales of Pay of JCO (including honorary commissioned officer) NCO & Other rank-fifth pay commission.   |
| AI2/S/98  |  | Revision of Pay scales of officers of all categories of Army  |

|                |  |   |
|----------------|--|---|
| AO/20/94       |  | Use of newly Built kitchen cars) LPG  |
| SA9/1/S/94     |  | Condition for Grant of Commissioned in Technical/Non Technical viz, engineers, Signals, Electricals and mechanical, Artillery, Armoured Corps, Infantry and intelligence corps. |
| A9/4/94        |  | Instructions/Rules governing technical training grant by AOC.   |
| AI/1&2/93      |  | Grant of short service commission in the Army to technical graduates.   |
| SAI/1/92       |  | Women Special Entry Scheme. (Officers)  |
| AO 21/2000     |  | Moves of Army Personnel in connection with Disciplinary cases.  |
| AO 22/2000     |  | Discipline – indebtedness lending, Borrowing of money and excessive drinking.   |
| AO 14/2000     |  | Striking off strength –Taking on strength JCOs/Ors  |
| AO 15/2000     |  | Establishment of standing Re-survey Medical Boards- Re-boarding of JCOs & Ors for re-assessment of disability person.   |
| AO 16/2000     |  | Avoidance of delay in finalization of courts of Inquiry proceeding in death cases.  |
| AO 17/2000     |  | Command over personnel  |
| AO 19/2000     |  | Dental inspection & treatment   |
| AO 41/2001/PS  |  | Exemption from responsibility to officers granted permission to seek employment –ABROAD   |
| AO/42/2001/PS  |  | Discharge on compassionate grounds-JCOs, Ors verification of facts civil authorities.   |
| AO 43/2001/DV  |  | Desertion   |
| AO 44/2001/DV  |  | Discipline-PLURAL marriage  |
| AO 12/2000     |  | Identity Card-JCOs, WOs& Other Ranks  |
| AI 3 to 5/99   |  | Grant of Permanent commission in the Army to 10 +2 (PCM) candidates linked to technical degree programmes.  |
| AI 6 to 8/99   |  | Transportation of dead bodies killed in war/LC/ CIOPI Counter-Insurgency (CI) operation in India.   |
| AO 17/2001/DV  |  | Withholding of pay & allowances persons subject to the Army Act placed under asset or suspension.   |
| AO 18/2001/MGO |  | Issue of obsolete/unserviceable/phased out a vehicles/B vehicles/GS & citrus/AMN/AE&S of Angry-origin to institutions.  |
| AO 7/2002/DV   |  | Investigation of cases of murder.   |

|                             |  |  |
|-----------------------------|--|--|
| AO 8/2002/DV                |  | Misuse of Govt. Transport.   |
| AO 10/2002/PS               |  | Seniority- Jocks   |
| AO 11/2002/PS               |  | Duration of Engagement of spays NCOs/Jocks & Age limit for promotion of Jocks Rank.    |
| AO/12/2002/MP               |  | Bogus educational certificate.   |
| AO 15/2002/PM               |  | Charter of responsibilities provost officers.  |
| AO 22/2001/MP               |  | Adjustment of surpluses and issue of NAC.  |
| AO 5/2001                   |  | Discipline – Officers serving at AHQ and inter service organization situated in Delhi. |
| AO 6/2001                   |  | Failure to handing over Govt. order at Delhi   |
| AO 6/2001                   |  | Failure to handing over Govt. Order at Delhi   |
| AO 7/2001                   |  | Discipline-below rank of Officers  |
| AO 8/2001                   |  | Discipline-outside Delhi   |
| AI 8-10                     |  | Revision of option and Reconsideration for Grant of PC.                                |
| AI No.9-11/2001             |  | Pt. commission in the Army Medical Corps (Non-technical)                               |
| AI No.1-2/2001              |  | Disposal of Officers (Other than Jocks) on discharge from Hospital.                    |
| AI 3-4/2001                 |  | Cost of Trig/stipend and allowances during training.                                   |
| AI corrigendum No.3 of 2002 |  |  |
| AI 32/89                    |  | Promotion  |
| AO 10/92                    |  | Instruction for provision of out riders/pilot jeeps                                    |
| AO 8/93                     |  | Defect Reports of Army Technical Equipment. (UO (Revised of AO/01/81)                  |