Report of the Comptroller and Auditor General of India

for the year ended March 2011

Union Government (Defence Services) Air Force and Navy

> No. 17 of 2012-13 (Compliance Audit)

CONTENTS

	Paragraph	Page
Preface		Iv
Overview		V
CHAPTER I: INTRODUCTION		-
About the Report	1.1	1
Authority for audit	1.2	2
Planning and conduct of audit	1.3	2
Internal control and co-ordination between Internal and External audit	1.4	2
Profile of audited entities	1.5	3
Significant audit observations	1.6	4
Financial aspects relating to Air Force and Navy	1.7	6
Coast Guard Organisation	1.8	13
Receipts of the Air Force, Navy and Coast Guard	1.9	14
Appropriation and expenditure	1.10	15
Audit impact	1.11	15
CHAPTER II: MINISTRY OF DEFEN	CE	-
Management of Defence Offsets	2.1	17
Inordinate delay in procurement and integration of a Radar Warning Receiver system	2.2	26
Inordinate delay in induction of a system	2.3	28

Avoidable extra expenditure in procurement of Electro Optic Devices for Dorniers	2.4	30
Non-exercise of option clause resulting in extra expenditure in procurement of fuel barges	2.5	31
Recovery of accrued interest on advance payments	2.6	33
Avoidable expenditure in construction of a swimming pool	2.7	34
CHAPTER III: AIR FORCE		
Contract Management		
Extra expenditure due to delay in conclusion of a contract	3.1	36
Inordinate delay in installation of systems for Airfield Lighting	3.2	38
Procurement		
Extra expenditure on procurement of spares	3.3	40
Procurement of Fuel System Icing Inhibitor	3.4	42
Miscellaneous		
Saving at the instance of audit	3.5	43
CHAPTER IV: NAVY		
Procurement		
Procurement of unsuitable Navigation Computers	4.1	44
Extra expenditure in procurement of spares for Sea Harrier aircraft	4.2	45
Unwarranted procurement of Seaking stores	4.3	47
Contract Management		
Failure to synchronise creation of a critical test facility	4.4	49
Inordinate delay in setting up of a training facility	4.5	50

Non-conclusion of contract for repair/overhaul of Seaking rotables	4.6	52		
CHAPTER V: Coast Guard				
Procurement				
Non-conformity of the procedure in procurement of Air Cushion Vehicles	5.1	55		
Annexure		58		