

PART 'B'

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CHAPTER - 10

ORGANISATION AND FUNCTIONING OF THE DEFENCE ACCOUNTS DEPARTMENT

228. The Defence Accounts Department is under the administrative control of the Ministry of Defence (Finance). This control is exercised by the Secretary (Defence Finance), who functions in the dual capacity of the principal representative of the Ministry of Defence in the field of Defence expenditure and as the Chief Accounting Officer for the Defence Services. He is also responsible for the preparation of the Appropriation Accounts, and for the financial control of the expenditure to which those Accounts relate.

The Controller General of Defence Accounts (CGDA) is the Head of the Department and functions on behalf of the Secretary (Defence Finance), as the Chief Authority in all matters affecting internal audit and accounting in respect of expenditure pertaining to the Defence Services.

The CGDA functions as the Principal Accounting Officer for the Canteen Stores Department and is responsible for provision of funds, receiving monthly statements of receipts and charges, compiling monthly accounts, internal audit including audit of commercial accounts. He has a Pay and Accounts Officer, Canteen Stores Department, Mumbai functioning under him.

(a) Objectives of CGDA's office

Objectives of CGDA's office are to ensure that: -

- i) The activities of Defence Accounts Department are organised to meet the needs of Defence Services consistent with the policy of the Government.
- ii) Adequate and up-to-date procedures are prescribed for efficient discharge of the functions of the Department in the fields of Accounts, Internal Audit and Financial advice.
- iii) Proper planning is made in respect of personnel and facilities required for the efficient functioning of the Department in tune with modern Management concepts.

(b) Duties and Responsibilities of CGDA and Principal Controllers/ Controllers

- i) The CGDA is responsible for the administration and efficient working of the Department. He may on his own motion or on a reference being made to him by the Government of India or the Services Headquarters, review any audit decision of any audit officer of the Defence Accounts Department and, if he thinks fit, over-rule it.
- ii) The CGDA is in charge of the Headquarters Office of the Defence Accounts Department. He issues necessary issue necessary instructions to Controllers of Defence Accounts in matters relating to maintenance and internal audit of accounts, accounts and audit procedure, classification of receipt, etc., either on

his own responsibility or after taking orders of the Government of India, if necessary. He gives audit rulings in consultation with the Ministry of Defence (Finance) where necessary, on doubtful points arising from internal audit and referred to him by the Controllers of Defence Accounts. These audit rulings refer to the internal audit exercised by the Defence Accounts Department and not to statutory audit exercised by the DGADS on behalf of the Comptroller and Auditor General of India.

- iii) He assists the Government of India with advice on all questions of audit and accounts procedure relating to Defence expenditure, which may be referred to him.
- iv) He maintains up-to-date and relevant information relating to personnel management, assesses the requirements of officers and establishment for the whole Department and posts them to the various offices according to their requirements. He also sends at his discretion officers and staff on deputation to the Ministries and other Government Departments and Public Sector Undertakings.
- v) He co-ordinates and pursues with the Government the projects of office and residential accommodation required by the Department at various stations.
- vi) He coordinates the funds requirements of various Controllers' organisations, prepares budget for the Department, makes budgetary allocation of funds to the Controllers and watches utilisation.
- vii) He conducts regular inspection of all offices of the DAD including his own Headquarters office.
- viii) He exercises security over entries made in the gradation pages of the Annual Armed Forces List.
- ix) He prepares an Annual Consolidated Balanced Accounts of Defence Services Receipts and Charges and sends them to the Director General of Audit, Defence Services, who, after check, endorses his audit certificate thereon and passes it on to the Comptroller and Auditor General of India.
- x)
 - a) He prepares certain subsidiary statements in connection with the Appropriation Accounts as prescribed in Defence Audit Code and submits them to the Financial Adviser, Defence Services. He also renders annually to the Financial Adviser, Defence Services, an Audit certificate on the accounts of the Defence Services.
 - b) He is the Principal Accounting Officer for the Civil Estimates of the Ministry of Defence. He prepares the Appropriation Accounts of the above Estimates and sends the same to the Financial Adviser (Defence Services) and the Defence Secretary for onward transmission to the Controller General of Accounts and Accountant General (Central Revenues).
 - c) He also prepares the statement of central transactions in respect of Civil Estimates and forwards it to the Controller General of Accounts.
 - d) He prepares the portion of the Combined Finance and Revenue Accounts pertaining to the Defence Services and submits it to the Comptroller and Auditor General of India for incorporation in the Combined Finance and

Revenue Accounts of the Central and State Governments in India.

(c) Organisation of CGDA

There are two additional CsGDA under him, who are in charge of Audit and Inspection, two Joint CsGDA (EDP) one Joint CGDA (Administration) and one Joint CGDA (Systems). The two additional CsGDA and four Joint CsGDA are assisted by the Deputy CsGDA, Assistant CsGDA and Senior Accounts Officers/Accounts Officers under their charge.

(d) Sections in CGDA's office

The office of the Controller General of Defence Accounts comprises Administration, Audit and Inspection wings, each wing consisting of Sections/Cells aligned on a functional basis as indicated below: -

1. Administration.
2. Audit.
3. Inspection.
4. Regulation
5. Accounts.
6. Systems and Procedure.
7. O & M.
8. Hindi.
9. E.D.P.

The complete list of sections and their charter of duties are given in Annexure-D.

(e) Organisation of Defence Accounts Department

The organisation of DAD corresponds broadly to the organisation of the three Services as follows:

- i) In the case of Army, there is a Principal Controller of Defence Accounts for each of the Commands assisted by Controllers at Chennai, Bangalore, Secunderabad, Meerut, Jabalpur, Guwahati and Kolkata.
- ii) One Controller for R&D organisation with Regional Joint CsDA at Pune, Delhi and Dehradun. There is also a second Controller for R&D organisation functioning at Bangalore with the jurisdiction of Labs/Establishments located in Tamil Nadu, Karnataka and Kerala States.
- iii) One Controller for dealing with Border Road Organisation at New Delhi assisted by the Regional Joint CsDA at Chandigarh, Jammu, Guwahati, Pune and Patna.
- iv) Two Controllers are dealing with Pension, one Principal Controller at Allahabad and another Controller at Meerut. The Principal Controller at Allahabad is dealing with the sanction of Pension in respect of the Service Personnel, Defence Civilian and DAD Staff and the Controller at Meerut is dealing with the disbursement of Pensions through Defence Pension

Disbursing Offices (DPDOs) located in various states. The 11 DPDOs located in the state of Tamil Nadu, Kerala, Andhra Pradesh and Karnataka are functioning under the jurisdiction of CDA Chennai.

- v) One Principal Controller is dealing with all the Ordnance and Clothing Factories. He is assisted in this work by second Controllers of Finance & Accounts at Avadi, Jabalpur, Kanpur, Kirkee, Ishapur, Medak, Dehradun and Bolangir.
- vi) One Controller of Defence Accounts at Pune is dealing with the Pay & Allowances of Commissioned Officers of the Army and maintenance of their Provident Fund Accounts. The Pay & Allowances of Other Ranks of the Army are maintained by the Pay & Accounts Offices (ORs) located throughout India and functioning under the administrative control of the nearest Regional Controllers dealing with the Army Commands and other Controllers located in Chennai, Bangalore, Meerut, Secunderabad, Guwahati, Patna and Jabalpur.
- vii) For dealing with Air Force, there is a Controller at Dehradun, who is assisted by a second Controller at New Delhi.
- viii) The entire work relating to Navy is looked after by CDA (Navy) at Mumbai.
- ix) The CDA (Training) at Meerut is looking after the training needs of the Department.
- x) There is one Principal Controller at New Delhi to look after the payment work of the Services Headquarters and Inter services organisation and the Ministry of Defence.
- xi) There is also a CDA (Funds) at Meerut for dealing with the maintenance of Provident Fund of all Defence Civilians and personnel of DAD. He functions under the overall control of CDA (Army) Meerut.

The designations of the officers of the Defence Accounts Department holding charge of offices under the control of the Controller General of Defence Accounts are given in Annexure-A.

Under the PCsDA/CsDA there are Area Accounts Offices for dealing with pay and allowances of civilians of units and formations in specific areas and stations for which they are made responsible. In addition the work relating to MES, stores contract bills and miscellaneous claims has also been entrusted to some of the sub-offices as shown in Annexure-B of the chapter.

(f) General duties of PCsDA/CsDA

- i) Principal Controllers/Controllers are responsible for all work connected with the audit, payment, classification and accounting of bills relating to pay and allowances, T.A., etc, of civilian officers and subordinates, miscellaneous allowances and contingencies.
- ii) Payment of bills for stores, supplies and works, local audit of the stores and MES accounts and the inspection of cash accounts of units and formations in the areas under their audit jurisdiction.
- iii) Principal Controllers/Controllers act as Financial Adviser to the GOC-in-C of the Command as well as to the Area and Independent Sub-Area Commanders

in his audit area.

- iv) Principal Controllers/Controllers are the Chief authority for accounts and internal audit of all Army formations including MES in their respective Commands and may over-rule an audit decision by any of their subordinate offices.
- v) They also assist the GOC-in-C, Area and Sub Area Commanders in the preparation of all estimates and furnish them regularly with such statistics relating to accounts as they may require for carrying out a systematic review of expenditure under locally controlled Heads, with the object of restricting expenditure within reasonable limits, of avoiding unnecessary expenditure and of utilisation of savings towards objects of importance in maintaining the efficiency of the Defence Services.
- vi) The Regional CsDA are also responsible for:
 - a) The maintenance of the pay accounts of JCOs, ORs and NCs(E) and civilians on the War system of pay accounting and internal audit thereof.
 - b) Payment of conveyance allowance and road mileage claims of Other Ranks and rail fares of recruits.
 - c) The audit of Field Imprest Accounts rendered by Field Imprest Holders.
 - d) The supply of Funds to Officers-in-charge Record Offices for remitting family allotments, terminal credit balances of non-effective personnel and payment of retaining fees of reservists etc. and audit of accounts rendered by them in connection with these funds.
 - e) The maintenance of AFPP Fund Accounts of JCOs/ORs and other than those maintained by the CDA (Funds).
- vii) Regional CsDA also act as financial advisers to all Commands and other lower formations in their respective areas on all matters of pay and allowances and AFPP Fund Accounts (including travelling allowances) of JCOs, ORs, NCs(E) and non-gazetted civilians in operational area on war system of accounting.

There are various Pay Accounts Offices at various stations in (all over) India as shown in Annexure –‘C’ of the chapter, working in close association with Regimental Centres and Depot offices. These Pay Accounts Offices are responsible for the maintenance of IRLAs of the Army personnel based in the particular Corps/Regimental Centres. These Pay Accounts Offices are also responsible for the maintenance of the AFPP Fund Accounts.

(g) Sections of PCDA/CDA’s office

The offices of these Principal Controllers/Controllers comprise the following sections:

1. Record.
2. Administration.
3. Accounts.
4. Disbursement.
5. Pay.
6. Miscellaneous.
7. Stores (Contract).

8. Stores (Audit).
9. Transportation.
10. Engineering.
11. Financial Advice.
12. O & M Cell.
13. Audit (Including Review groups)
14. Fund Cell

The detailed working of these sections is given in the subsequent Chapters of this Manual.

System of Internal control in the Defence Accounts Department

The functioning of the Defence Accounts Department is governed by following codes and manuals in addition to applicable laws, regulations and instructions issued by Government of India:

Defence Audit Code.	P.C.D.A., (S.C.), Pune.
Defence Account Code	P.C.D.A., (S.C.), Pune.
Office Manual Part I	C.G.D.A. Office.
Office Manual Part II	C.D.A., (Army), Meerut.
Office Manual Part III	P.C.D.A., (AF), Dehradun.
Office Manual Part IV	P.C.D.A., (Pensions) Allahabad.
Office Manual Part V	J.C.D.A., (Funds), Meerut.
Office Manual Part VI	P.C. D. A., (Factories), Kolkata.
Office Manual Part VII	P.C.D.A., (Navy), Mumbai.
Office Manual Part VIII	C.D.A., (Army), Meerut.
Office Manual Part IX	C.D.A., (Officers), Pune.
Office Manual Part X	C.D.A., Bangalore
Office Manual Part XI	P.C.D.A., (R & D) New Delhi
Army Local Audit Manuals	P.C.D.A., (S.C.), Pune
MES Accountants Manual	} C.D.A., (Army), Meerut.
MES Local Audit Manual	
Pension Payment Instructions	P.C.D.A., (Pensions) Allahabad
N.L.A.O's Manual	P.C.D.A., (Navy), Mumbai.
A. F. Local Audit Manual	P.C.D.A., (AF) , Dehradun
Coast Guard Manual	C.D.A.,(Navy) Mumbai
0.M. Part-XII	P.C.D.A., New Delhi
0.M. Part-XIII Volume- I	C.D.A. (B.R.) New Delhi
0.M. Part-XIII Volume- II	P.C.D.A. (S.C.) Pune.

- ii) The list of Registers to be maintained by each Section of PCDA/CDA is given in OM Part II Volume II.
- iii) The reports and returns to be rendered by the Defence Accounts Department are enumerated Section-wise in OM Part II Volume II. Some of the important reports and returns are given in Annexure 'F' to this Chapter.
- iv) The review of local audit by IDAS Officers is still conducted as per instructions contained in Appendix II to OM Part I. These instructions have been reproduced in Chapter 16 relating to financial advice section of this manual.
- v) Two books for the record of Part I and Part II Office orders will be maintained in each PCDA/CDA office. In the former will be recorded all orders relating to

the procedures and internal working of the office and will be maintained as a permanent record. The later will contain orders relating to personnel to the office, such as appointments, promotions, punishments, etc.

- vi) Each section of PCDA/CDA office will maintain a book of instructional orders given by the officials with immediate general charge of the section, relating to the detailed work of the section or in amplification of orders issued by a higher authority.
- vii) A monthly progress report in IAF (CDA) -331 showing state of work in each office on the 10th of a month will be dispatched by Principal Controllers so as to reach CGDA's Office not later than the 20th of each month.

Annexure-A

OFFICES OF THE DEFENCE ACCOUNTS DEPARTMENT

1. Principal Controller of Accounts (Factories) Kolkata.
2. Principal Controller of Defence Accounts (Pensions) Allahabad.
3. Controller of Defence Accounts (Army) Meerut.
4. Principal Controller of Defence Accounts (C.C.) Lucknow.
5. Controller of Defence Accounts Jabalpur.
6. Principal Controller of Defence Accounts (S.C.) Pune.
7. Controller of Defence Accounts Bangalore.
8. Controller of Defence Accounts Chennai.
9. Controller of Defence Accounts Secunderabad.
10. Principal Controller of Defence Accounts (W.C.) Chandigarh.
11. Principal Controller of Defence Accounts (N.C.) Jammu.
12. Controller of Defence Accounts Patna.
13. Controller of Defence Accounts Guwahati.
14. Controller of Defence Accounts (E. C.) Kolkata.
15. Principal Controller of Defence Accounts, New Delhi.
16. Controller of Defence Accounts (Officers) Pune
17. Principal Controller of Defence Accounts (Navy) Mumbai.

18. Principal Controller of Defence Accounts (R&D) New Delhi
19. Controller of Defence Accounts (R&D) Bangalore
20. Controller of Defence Accounts (PD) Meerut.
21. Principal Controller of Defence Accounts (AF) Dehradun
22. Controller of Defence Accounts (AF) New Delhi
23. Controller of Defence Accounts (Training) Meerut
24. Controller of Defence Accounts (CSD) Mumbai.
25. Controller of Defence Accounts (BR) New Delhi
26. Controller of Finance & Accounts (Factories) HVF Avadi, Chennai
27. Controller of Finance & Accounts (Factories) Project T-72, Avadi
28. Controller of Finance & Accounts (Factories) Jabalpur
29. Controller of Finance & Accounts (Factories) Ishapur
30. Controller of Finance & Accounts (Factories) Kirkee
31. Controller of Finance & Accounts (Factories) Medak
32. Controller of Finance & Accounts (Factories) Kanpur
33. Controller of Finance & Accounts (Factories) Bolangir
34. Controller of Finance & Accounts (Factories) Dehradun
35. Controller of Defence Accounts (Funds) Meerut.
36. Controller of Defence Accounts, IDS New Delhi
37. Controller of Defence Accounts (South West Command) Jaipur

Annexure-B

Area Accounts Offices under the PCDA/CDA

1. Under PCDA (Southern Command) Pune

Area Accounts Office	:	Ahmedabad
Area Accounts Office	:	Jaipur
Area Accounts Office	:	Dehu Road

2. Under CDA (Army) Meerut

Area Accounts Office	:	Agra
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3. Under PCDA (Western Command) Chandigarh

Area Accounts Office	:	Delhi Cantt.
Area Accounts Office (Pay)	:	Jalandhar Cantt.

4. Under CDA Patna

Area Accounts Office	:	Siliguri
Area Accounts Office	:	Kolkata

5. Under CDA Guwahati

Area Accounts Office	:	Shillong
6. Under PCDA (Northern Command) Jammu		
Area Accounts Office	:	Srinagar
Area Accounts Office	:	Pathankot
7. Under PCDA (Central Command) Lucknow		
Area Accounts Office	:	Allahabad
Area Accounts Office	:	Kanpur Cantt

Annexure-C

List of PAO's under Defence Audit Department

1. MRC Wellington
2. DSC Kannur
3. MLI Belgaum
4. ASC Supply Bangalore
5. ASC (MT) Bangalore
6. CMP Bangalore
7. Para Regt Bangalore
8. PCTC Bangalore
9. MEG Bangalore
10. EME Secunderabad
11. AOC Secunderabad
12. AEC Pachmarhi
13. Grenadiers Jabalpur
14. Jak Rifles Jabalpur
15. Guards Kamptee
16. MRC Saugor
17. Signals Jabalpur
18. SRC Ramgarh

19. PRC Ramgarh
20. BRC Danapur
21. ASC AT Gaya
22. BEG Roorkee
23. JRC Bareilly
24. KRC Ranikhet
25. GRC Lansdown
26. RVC Meerut
27. ARC Shillong
28. 58 GTC Shillong
29. 39 GTC Varansi
30. RRC Fatehgarh
31. SLI Faizabad
32. DRC Faizabad
33. AMC Lucknow
34. 11 GRRC Lucknow
35. BEG Kirkee
36. INT Corps Pune
37. APTC Pune
38. Arty Nasik
39. ACR Ahmednagar
40. MIR Ahmednagar
41. RRRC Delhi
42. 14 GTC Subathu
43. Jakli Srinagar
44. Leh, Ladakh

Annexure ‘ D’

Distribution of work in CGDA’s Office

Administration Wing

Group	Broad Description of Functions
AN/I (IDAS)	All matters concerning IDAS Officers, viz., Recruitment, Training, Departmental Examination etc. Representation/Appeals Confidential Reports Courses Monthly Activities Report from CsDA
AN/II (AO)	Work relating to the DPC for promotion of SOs to AOs Grade and confirmation in the AOs Grade Confirmation, promotion, Transfers, CRs of AOs Cadre except discipline. De-reservation of posts of Accounts Officers reserved for SC/ST. Work relating to Deputation of AOs, probation and EB of AOs
AN/III (Coord)	Opening /closing of DAD Offices. Work relating to Controllers conference Creation of new posts of AOs

	<p>Monitoring clearance of arrears/weekly progress report. Review of reports and returns pertaining to administrative matters. Diarising and distribution of classified dak. Monthly activities report from CsDA</p>
AN/IV (Establishment)	<p>General Administration including postings, transfers, ACRs, Discipline in CGDA's Office Budget Estimates-CGDA's Office Pay bills of officers and staff G.P. Fund Advance, House Building Advance and other advances-Officers and Staff. Screening of staff after 50/55 years of age</p>
AN/V (Cash)	<p>Cash transactions, disbursement of pay and allowances of staff. Employment of Casual Labour. Security measures. Receipt and distribution of cheques for payment of contingent and other charges. Accommodation for office and staff. Arrangements for local SAS Examination. Maintenance and control of staff car. Provision and maintenance of Dead Stock-Articles. Housekeeping in CGDA's Office.</p>
AN/VI (Records)	<p>Maintenance of Library, keeping all the books of Regulations etc. corrected up-to-date. Periodical destruction of old records. Receipt, diarising and distribution of dak, telegrams, Government letters etc. Dispatch of dak, telegrams etc. Maintenance of stamp account. Pension task including cash payment in lieu of unutilized Earned Leave on the date of retirement. Maintenance of service books and Leave Account. Arranging Security pass for the staff.</p>
AN/VII (Budget)	<p>Budget Estimates of DAD and Budgetary Control, Allocation of funds under locally controlled heads and P-Loans and Advances. Parliament questions. Orders regarding House Building Advance. Sanction of Part Advance to Sub-offices. Regularization of Losses in DAD condemnation Board proceeding. Awards, Fees and Honorarium. Audit charges for cantonment Board.</p>
AN/VIII (Manpower)	<p>Framing of Recruitment Rules for Group C & D services and amendments thereof. Issue of no objection certificate for passport and outside employment for DAD personnel. Conversion of Ty. Posts of Group C and D to permanent posts. Verification of character and antecedents.</p>
AN/IX (Deputation/ Staff)	<p>Deputation Group C Staff. Transfer of Group C Staff to and from CGDA's Office. Inter-command transfer of SOs (A)</p>

	Maintenance of CR Copies of SOs(A)
AN/X (Transfer/Staff)	Inter-command transfer of Group C and D Staff except SOs(A) Transfer policy and connected matters. Outside employment of Group C Staff; Permanent absorption of Group C staff in outside organizations.
AN/XI (LPC/Staff)	Promotion, probation and confirmation in r/o SOs(A), SGAs, Clerks Grade and de-reservation of vacancies of SOs(A), SGA and Auditors Grade. Maintenance of Seniority roster SOs(A) Screening of staff after 50/55 years of age.
AN/XII (LPC/Staff)	Promotion, probation and confirmation in Group C and D Grade (Except SOs (A) and SGAs/Clerks) Termination of service under Rules 5 CCs (TS) Rule. (De-reservation of vacancies in Group C and D (Except SOs(A), SGAs and Auditors).
AN/XIII (Discipline)	All matters relating to discipline, vigilance cases of Group B,C and D Staff. Complaints against DAD Staff. Rendition of Reports and Returns on disciplinary cases to higher authorities. Representation against adverse remarks in CRs of Group C staff and general orders regarding CRs Cases of defalcation/fraud.
AN/XIV (P&A)	Orders regarding Allowances to DAD Staff; Orders/cases regarding crossing EB/increment. Matters relating to CDs.
AN/XV(Misc.)	Orders and correspondence regarding service books of DAD staff. Work relating to TA/DA, Leave, LTC, conveyance allowance, CEA, Tuition Fees, Pension etc.
AN/XVI(Examination & Training)	Matters relating to SAS Examination Training and courses-Group B, C and D staff.
AN/XVII (JCM & Welfare)	Joint Consultative Machinery Scheme; Staff Associations. DAD Employees Co-operative Societies. Allocation of profits of CSDO Representation relating to Discrepancy in GP Fund. Advance/withdrawal from GP Fund by CsDA. Advance for House Building and conveyance by CsDA. Orders regarding Medical Reimbursement claims. CGHS Scheme.
AN/XVIII (Project)	Formulation of plans, budget allocation and monitoring of progress in the field of construction of permanent office/residential accommodation for DAD.

Audit Wing

Pay (Services)	All matters concerning pay and allowances of Service Officers and Personnel.
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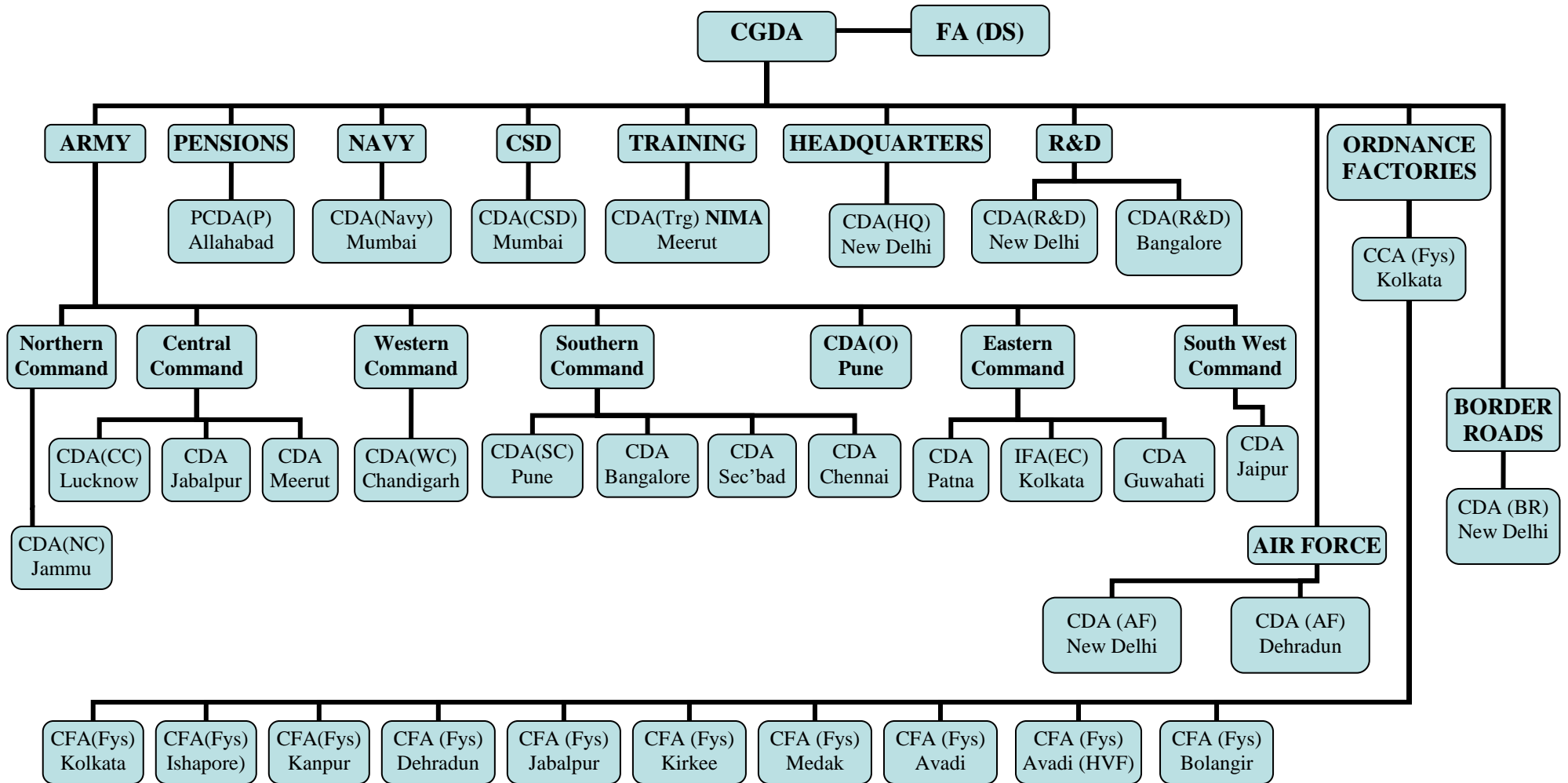
Pay (Civilians)	All matters concerning pay and allowances of Defence Civilians, personnel of Border Roads and pay cases of DAD Staff.
Costing and Commercial Accounts	All matters concerning costing problems and Commercial Accounts (Factories, Military Farm, Bakeries, etc.)
TA & Misc.	All matters concerning TA, Unit allowances and other miscellaneous cases including professional and municipal taxes etc.
Pensions	All matters concerning grant, audit and payment of pensions
Border Roads & Losses	All matters concerning Border Roads Organization excepting pay and allowances of Border Roads personnel. Losses pertaining to Defence Services (Except MES) are also dealt with in this group.
Local Audit & Performance Audit	All matters concerning Local Audit (Army, Navy, & AF), War system of Accounting and performance audit.
EDP & CSD	All matters concerning EDP systems in DAD; all work connected with annual (Commercial) accounts of CSD.
Stores Contract	All matters concerning ASC Contracts, other purchases contracts with foreign countries contracts in connection with construction of frigates for Navy.
MES	All matters concerning MES works and revenues, including MES losses.
Complaint Cell	All complaints (including complaints from retired DAD personnel)
AAC/PAC/GSA	All matters concerning AAC, PPC and General State of Accounts.
AT-Coord	Admin, Group, Delegation of Financial Powers, Financial Advice, Report, Monitoring and Reporting system, arrangement of foreign currency. Additional Emoluments (Compulsory Deposit) Scheme Controllers' Conference, Distribution and Marking of dak.

Inspection Wing

Accounts Section	All accounting matters, aid to civil powers, inter service adjustments, opening of new code heads, departmentalization of accounts, inter-Government adjustments, appropriation accounts, funds and preparation claims and Budgetary control.
O & M Cell	All work having a bearing on O & M activities & problems raised by CsDA in their offices in order to achieve economy and efficiency, review of reporting system, suggestion scheme, staffing scales and review of the period of retention of old records.
Inspection Cell	All work concerning inspection of DAD Offices including CGDA's Headquarters Office, updating Inspection Manuals etc.
System and Procedure	Improvement and re-orientation of audit and accounting procedures.
Hindi Cell	All work connected with translation of Regulations, DAD publications and forms etc.
Regulations Section	Revision and maintenance of Regulations, vetting of Departmental Codes and Manuals (including O.M. Part VI), work regarding

	printing and control of stock of Codes and Manuals, revision and reprinting of the books.
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Annexure-E
DEFENCE ACCOUNTS DEPARTMENT



Appendix 'F'

Section	Name of the Report	Due date	To whom report rendered	
Account	Half Yearly	Half Yearly Internal Audit Report	First week April, October	O & M Cell (Local)
Account	Half Yearly	Write off from balance. Head of Govt. Code Head (0/020/55) Provident Fund Suspense	First week 1st Half October 2nd Half May	CGDA
Admn	Half Yearly	Internal Audit Report	1st week of following Half year	O & M Cell
Admn	Half Yearly	Internal Audit Report	5th of following Month	
Admn	Half Yearly	Half yearly report for transfer DAD Estt	23rd March & Oct	AN-I
Admn	Half Yearly	Internal Audit Report	13th April & Oct	
Admn	Half Yearly	Half yearly report on Hindi Educational Programme	30th Sep & 31st Mar up to 10th of following month	
Admn	Half Yearly	Half yearly Reprot in respect of Prime Minister Sandesh	July & January	
Admn	Half Yearly	Name for Training to Typing/Shorthand under Hindi Educational Programme	August & February	
Admn	Half Yearly			
Admn	Half Yearly	Internal Audit Report		O & M Cell
Admn	Half Yearly	Half Yearly Audit Report	10th April, October	O & M Cell
Admn	Half Yearly	Internal Audit Report	10th of September & March	CGDA
Admn	Half Yearly	Half yearly statement about complaints received by & progress of their disposal for the half year ending	1st week of April & October	CGDA
AN-IV	Half Yearly	Govt. grantees -prepration of Data-Base	April	CGDA
APO	Half Yearly	Consolidated Annual staff of OBC in services	10th of January	CGDA
DGS&D	Half Yearly	Utilization of number of vacancies reserved and filled by physically handicapped persons in all groups	15th January	CGDA
FPS	Half Yearly	Annual confidential reports preparation & maintenance time schedule for	31st of September	CGDA
Nodal	Half Yearly	Speical Action Plan framing of General Targets	April	
O&M	Half Yearly	Work load report	15th June	O & M Cell
O&M	Half Yearly			
POL	Half Yearly	Work load collection data	10th April	O & M Cell
POL	Half Yearly	SIU Report	10th April	O & M Cell
TA	Half Yearly	Demand of establishment	On the date fixed by the Admn. Section	Admn Section
Account	Yearly	Report on implementation of Reservation policy of GOI	10th of the month	CGDA
Account	Yearly	Recruitment of Stenographer Grade-III	10th of the month	CGDA
Account	Yearly	Assured carrer progression scheme	10th of Jan, Oct	CGDA

Account	Yearly	Monitoring of Recruitment of physically handicapped in Govt. service	10th of the month	CGDA
Account	Yearly	Acceptance of commercial Employment within two year of Retirement by group 'B' officer of central Govt.	10th of Jan & July	CGDA
Account	Yearly	List of sub officer the charge of Gazetted/ Non gazetted officers	30th of Jan & July	CGDA
Account	Yearly	Half yearly report key to the MAP of India	15th of Jan & July	CGDA
Account	Yearly	Reservation of vacancy for the physically handicapped persons in central Govt. service	Dec, June First week Jan & July	CGDA
Account	Yearly	Progress on internal audit report	As and when called for	CGDA
Account	Yearly	Inter command transfer	April & October	CGDA
Account	Yearly	List of Business industrialist involved in bribery or allied criminal cases etc. Mobilization of public opinion against such persons	First of May & November	CGDA
Account	Yearly	Reservation/Promotion for SC/ST Roster	First of Jan & July	CGDA
Account	Yearly	Outstanding demands of TA/DA & LTC	31st July & Jan FOR June & Dec	CGDA
Admn	Yearly	Half yearly report on outstanding demand on TA/DA/LTC		
Admn	Yearly	Write of from balance Head of Govt. Code Head 0/20/71 Provident Fund Suspense	November	CGDA
Admn	Yearly	Subsidies Paid by Govt. to various companies corporation & Autonomus bodies etc DAD & Non DAD	15th July	CGDA & Test Audit Section
Admn	Yearly	Appropriation Accounts Defence Service relating to (i) Cash losses (ii) Store losses (iii) Infructious	31st May	The Audit Officer & copy to CGDA
Admn	Yearly	Contribution to International organisation from Defence Service Estimate	18th June	CGDA
Admn	Yearly	Appropriation Accounts in respect of CGEIS under Major Head 288 in grant No. 39 Defence Civilians	15th February	CGDA
Admn	Yearly	Appropriation Accounts for Certain Revenue Debits Heads (Under the signature of CDA)	10th July	CGDA
Admn	Yearly	Report in respect of Statement No.3- Loans and Advances by Union Govt.	upto 30th June	CGDA
Admn	Yearly	Report in respect of Statement No.11- Investment of Union Govt. in the statutory Corporation, Govt. Companies, other Joint Companies, Cooperative Banks & Societies etc.	upto 30th June	CGDA
Admn	Yearly	Report in respect of Statement No.4- Guaranties given by Govt.	upto 30th April	CGDA
Admn	Yearly	Revised Estimate & Budget estimate (i) Intrest payment of GP Fund 0/004/01 (ii) Deposit Link Insurance Scheme DLIS 01008/11	up to 30th September	MOD(Fin) Building-I South Block, New Delhi & copy to CGDA

AN-III	Yearly	Annual Charged Expenditure Report from April to March Final i.e 15th RDR	After receipt of 15th RDR during August	CGDA
AN-IV	Yearly	Annual Review/Balance on the basis of Book Compilation for the Month of March Final i.e. RDR upto 15th	2nd August	CGDA
AN-IV	Yearly	Consolidated Annual staff of SC/ST in service	10th of January	CGDA
APO	Yearly	Audit of Cash Books surprise check	31st May	CGDA
DGS&D	Yearly	Procedure regarding publicity in press of names and particulars of officers punished as a result of court proceedings/Deptt. Inquiries.	31st December	CGDA
DGS&D	Yearly	Submission of immovable property returns under CCS Conduct Rule 1964 Rules 18(i)(ii) SAOs/AOs	Before 15th March each year	CGDA
FA Section	Yearly	Recommendation on No.75(IX) of the committee on prevention of corruption	As and when called for CGDA	CGDA
FA Section	Yearly	Procedure for deduction towards membership subscriptio to service Associatio of Defence accounts department employees from Pay bill	5th Augsut	CGDA
FA Section	Yearly	Utilistion of No. of vacancies reserved & filled by Handicapped persons	31st January	CGDA
FA Section	Yearly	Submission of IPRs report-AAO(Gp-B) under CCS Conduct Rule	31st of each year	CGDA
FPS	Yearly	Yearly report on work load	5th of April	
FPS	Yearly	Work load report	15th of April	O & M Cell
FPS	Yearly	AAC	15th of April	O & M Cell
M Section	Yearly	Annual Audit Certificate	July	
Nodal	Yearly	Work load report	April	
Nodal	Yearly	Framing of GTR/Speical Action Plan	13th April	o & M Cell
O&M	Yearly	General Target/Special Action Plan		O & M Cell
Pay-I	Yearly	Annual Audit Certificate		O & M Cell
POL	Yearly	Staff inspection by SIU collection of basic data	15th	CGDA
POL	Yearly	Annual Audit Certificate of the accounts of the Army and MES	15th September	Ditto
Store Contract	Yearly	Statement of infructuous expdr. in excess of Rs. 20,000/- on each individual item other than MES	15th July	Ditto
Store Contract	Yearly	Statement of ex-gratia payments in excess of Rs. 20,000/- in each case	Ditto	Ditto

CHAPTER -11

PAY SECTION

Objectives

239. Objectives of Pay Section are:

- i) To pay on due dates salary and other dues as per entitlement.
- ii) To maintain all necessary records, correct and complete in all respects, so as to ensure that service benefits of employees are correctly paid on due dates.
- iii) To advise Administrative and Executive authorities on matters relating to service conditions and entitlements of Defence Civilians.

(Authority: Annexure A to CGDA's circular No. 13320/ AT-Coord dated 3-4-79)

Duties

240. The Pay Section deals with:

- i) Payment and audit of all claims to pay and allowances other than travelling and daily allowances of Civilian Gazetted Officers and Establishment paid from the Defence Services Estimates.

NOTE 1- The pay accounts of civilian gazetted and non-gazetted personnel serving in field service areas are maintained by the C.D.A. (Officers) or the pay accounts officers as nominated by the C.D.A. as the case may be.

NOTE 2- Check rolls on accounts of pay of industrial employees are audited locally by L.A.O.

- ii) Payment and recovery of leave salary and pension contributions in respect of civilian personnel lent for service to and from civil departments of the Central Government and the various States and foreign Government, statutory bodies, etc.
- iii) Classification of all receipts and payments brought to account through pay bills or other claims dealt with in the section.
- iv) Audit of annual establishment returns in respect of permanent non-gazetted civilians/gazetted officers.

Audit Procedure

241. (i) The accounts of various types of units should be selected for audit scrutiny care being taken to see that cases of the following nature come under scrutiny:

- a) Units detailed for duty in aid of civil power.
- b) Units which have recently come under the payment of the Controller.

(ii) Audit should be conducted with reference to the general principles contained in 1 and 2 of Section II of the CAG's MSO (Audit)(Revised Edition 2002) and Chapter V of DAD OM part II as per the quantum of audit prescribed for the various types of claims. On the Defence side Audit Registers are not maintained for the Gazetted Officers.

Audit of Pay Bills

242. (i) While selecting pay bills for test audit it is to be ensured that pay bills of the same units/formations selected during previous audit are not selected and that selection is so made as to cover all the units in a cycle. For this purpose a record/list of units selected for audit may be kept in the audit file/review register of the Central Test Audit Section. The sectional compilation for the selected month of audit should be collected to ensure that all the vouchers for the month have been received.

(ii) While checking the pay bills among other things it should be seen that the totals have been carried forward correctly from one part of the bill to another, arrear charges are noted in the cases of the months to which they relate, necessary certificates have been obtained and the sanctioned strength of the establishment is not exceeded. Whenever a certain proportion is prescribed between different classes of establishment e.g. Superintendent (Clerical)/Head Clerk/ Assistant Head Clerk/ Assistant-in-charge to the number of Upper Division Clerks and Clerks/Typists etc., it should be seen that the proportion is strictly adhered to.

(iii) It must be ensured that proper authority is quoted in the bill under audit in support of every change in the rate of pay and allowances and that it is correct. In the case of individuals on time scales of pay it must be seen whether increments in pay have been drawn only on the 1st of the month in which increment date falls and absentee statement are attached where necessary. It should also be ensured that for those who are on regular leave as on 1st of the month in which their increment falls the financial effect of increment is given only from the date of joining duty on expiry of leave.

(iv) While checking the admissibility of pay and allowances to the personnel of the Territorial Army Units, provision of Rule 23 read with Schedule III of the Territorial Army Act (Rule 23 reproduced as Appendix II to the Regulations for the Territorial Army 1948) should be borne in mind.

(v) The following points should be seen while checking the pay bills:

a) All entitlements are paid and recovery made as per prescribed rules issued by Government of India, Ministry of Defence from time to time, with reference to Demand Registers maintained by Unit/Formations.

(Ministry of Defence letter No.4 (1)/66/D (IV-I) dated 4.3.66).

b) That where officiating arrangements are permissible without the actual assumption of duties of the absentee as in the case of Army Ordnance Corps and the Army Service Corps, the requisite certificates are furnished by the Heads of the Offices and that these certificates are not furnished as a mere matter of routine.

243. (i) The Fund Group in Pay Section (where functioning as such) sends the GPF Schedules, DV number-wise, monthly every 25th of the following month of compilation to the Fund Cell attached to the EDP Centre. The Fund Cell in Regional CDA/PCDA's office receives the Fund Schedules which after verification and comparison with printed compilation are batched, keyed in on floppies by EDP Centres, validated against Master File resulting in printing of Edit Lists and schedules and reconciled Edit Lists prepared. Data processed on a monthly basis are subjected to review run and taped. Quarterly tapes are sent to CDA (Fund) for consolidation and posting in Broad Sheets.

(ii) During the audit of Pay Section (Fund Cell) it should be ensured that all the Schedules as per top lists have been received properly, the scheduled amounts and compiled actuals have been reconciled, discrepancies/rejections have been brought to the notice of

Units/AAOs/UAs etc. concerned and adjustment watched. It should be seen that items deleted at the stage of verification of schedules are verified with the list of subscribers and with the units, if necessary, for taking corrective action and accounting, subsequently, schedules are batched under correct code number and correctness of batches are checked to the extent prescribed, by the SO/AAO/AO. It should be seen that errors in Edit Lists have been rectified with reference to schedules and that the reconciled Edit List total agrees with reconciled batch total. It should also be examined how the difference between the amount compiled as per the printed compilation and the amount accounted for by EDP Centre, CDA (Funds) is dealt with, with a view to ensuring that such differences representing missing credits /debits are finally accounted for under the correct GPF Accounts concerned.

Advances for Industrial Employees

244. Pay Section also deals with the advances for the payment of industrial employees and others employed in Central Ordnance Depots, Ordnance Depots, EME Workshops etc. It should specially be seen in this connection that the signatures of the officers claiming the advances are genuine and the total allotment for Industrial Employees is not exceeded.

Civilian Religious Teachers and Padries

245. During the audit of pay bills of Religious Teachers and Padries, it should be seen that their strength has been fixed in accordance with the scales laid down by the Government of India and the rates of pay and allowances drawn are correct.

Leave Encashment / CGEGIS Claims

246. As and when payment intimations are received from the CDA/AAO, the same will be entered in a register maintained for the purpose of selection of claims for detailed audit. The claims at the prescribed quantum will be selected and called for from the CDA/AAO concerned for concurrent post audit of the same. After post audit, the claims will be sent back to the CDA/AAO with test audit observations, if any. These claims will be scrutinised to see that sanction of the competent authority is attached with the claim and that amount paid is correct as per rules applicable.

Overtime Allowance / Night Duty Allowance

247. Over-time allowance/Night duty allowance to civilian employees in Defence establishments is paid as per rules applicable and amended from time to time. OTA wherever payable, Night Duty Allowance will not be paid for the same period. The bills on OTA/NDA should be audited to see that the claims admitted is correct with reference to the rates of OTA/NDA prescribed for various categories of employees.

Medical Reimbursement Claims

248. Claims for reimbursement of medical expenses incurred by Government employees entitled to such reimbursement under Central Services (Medical Attendance) Rules are dealt with in the Pay Section. While auditing these claims it should be seen:

- i) That the Government servant is entitled to reimbursement of medical expenses as per conditions under the Medical Attendant Rules.
- ii) In case of medical attendance/treatment received in a Cantonment Hospital, the individual is a resident of the cantonment area where no

Government Hospital exists.

- iii) In case of treatment received in Armed Forces Hospital, no civil hospital exists in the station. In stations where a civil hospital exists, the prescribed certificate regarding non-availability of bed is furnished from the Civil Hospital.
- iv) A separate claim has been preferred for each patient in the prescribed form duly completed in all respects, signed and receipted by the Government servant and countersigned by the Controlling Officer.
- v) That the medicines for which reimbursement is claimed have not been declared inadmissible by the DGMS, New Delhi,
- vi) The advance for treatment, if any, as noted in the demand register is recovered.
- vii) Government servants who are entitled to medical benefits under Central Government Health Scheme have claimed reimbursement of medical expenses as per rules.

Family Welfare Programme in Armed Forces

249. Expenditure on family planning in the Armed Forces is required to be debited by Controllers of Defence Accounts *ab initio* to the head Settlement Account between Defence/Civil-Items adjustable by PAO of Ministry of Health for being finally accounted by them. To enable the Director General of Audit, Defence Services to furnish the requisite certificate as Sub-Audit Officer, one month's expenditure on family planning booked by the CDA/PCDA is required to be audited apart from general review in the sections concerned of the CDA's/PCDA's office. Expenditure on pay and allowances of Family Welfare Staff attached to Hospitals should be audited and ensured that such expenditure has been taken into account for being debited to the Settlement Account referred to above.

(DGADS No.2349/AC/17/06 dated 21.7.69)

CHAPTER -12

TRANSPORTATION SECTION

Objectives

250 Objective of transportation Section is to make prompt payment of entitled Travelling Allowances to Defence employees and DAD personnel.

Duties

The duties of the Transportation Section are:

- i) to pay advances of travelling allowance admissible under rules and to watch their adjustment or to communicate them to the audit officer

- concerned for adjustment;
- ii) to deal with the claims for travelling allowance (including conveyance allowance) and those for the transportation of personal effects of Services personnel of the Army, Navy and Air Force and civilians paid from the Defence Services Estimates;
- iii) to deal with claims for transportation charges debitable to the annual training grant;
- iv) to deal with claims for daily allowance of Service officers under- going courses of instructions;
- v) to audit road and river warrants and to deal with claims for road and river journeys when warrants are not issued;
- vi) to audit and pay sea passage claims of shipping companies;
- vii) to audit and pay passage allowance claims under rule 120, Travel Regulations;
- viii) to deal with air passage and air freight claims;
- ix) to audit expenditure relating to concessions admissible to Defence Services officers for railway journeys while travelling on leave at their own expenses;
- x) to deal with disturbance allowance claims;
- xi) to deal with training camp allowance claims of Territorial Army and N.C.C. Officers;
- xii) to audit travel concessions claims of civilian Government servants availed of during regular leave;
- xiii) to audit T.A. claims of civilian Government servants on retirement.

NOTE: - The term 'travelling allowances' as used in this chapter include mileage and daily allowances.

Audit Procedure

251. (i) The detailed procedure and general principles governing the audit of these claims are indicated in Chapters III & IV of part V of the Compilation of Treasury Rules, para 3.2.15 et seq of CAG's MSO (Audit) Edn. 2004 besides those laid down in Chapter IX of DAD OM Part II Vol - I. Before commencing the audit the sectional compilation for the month selected should be called for and verified to ensure the receipt of all vouchers pertaining to the period of audit.

- (ii) In conducting the audit of travelling allowance claims it will be seen that:
 - a) that in the case of claims for daily allowances for halts at temporary duty station necessary deductions are made in respect of state hospitality received and transport facilities enjoyed, if any.
 - b) the rail mileage debitable to the Training Grant should not exceed the cost of the Form IAFT 1714 and the use of Credit Notes is not permissible.
 - c) that conveyance allowance admissible to subordinates of Military Farms under Rule 230 TR is paid subject to the production of certificates, which makes it clear *inter alia*, that the motor vehicles have been actually used by them on the days for which the allowance has been claimed.

- d) the travelling allowance claims of Defence Services Personnel serving with the Indian Embassies/Mission abroad should be audited with reference to orders issued by the Government of India from time to time.

Audit of Leave Travel Concession claims to civilians including DAD personnel

252. Claims for Leave Travel Concession of the Civilian Government Servants paid from Defence Services Estimates including DAD personnel should be audited with reference to CCS (LTC) Rules 1988 as modified by orders issued from time to time.

Audit of Claims by sea

253. (i) In auditing claims preferred by the steamship companies, reference should be made to the Contracts under which the claims arise. Certificates by the Embarkation Authorities and the Station Transport Officers in regard to the nonavailability of Government Transport should be looked for.

(ii) It should be seen that the passages requisitioned have actually been provided and that the rebates allowed in the contracts are being received. While auditing the sea passage claims at Government expense it should be seen that the provisions regarding the grades and monetary ceiling limits prescribed are followed. Recovery for messing, when due from passengers travelling by Government or private vessels or hired transport should be watched with reference to the rule in regard to the drawal of daily allowance and the supply of free messing etc. with Travel Regulations.

Audit of Road and River Warrants

254. The bills for Road and River warrants are paid by the Stores Contract Section after a preliminary audit. After payment the warrants are passed on to the Transportation Section for post audit. After the warrants are finally audited by the Transportation Section, they are returned to Stores Contract Section for record. During the test audit of the Transportation Section these warrants should be obtained from the Stores Contract Section. While auditing the bills it should be seen that:

- i) the bills are supported by road or river warrants;
- ii) the warrants have been issued by the Competent Authority;
- iii) the individuals to whom warrants have been issued are entitled to travel on them and the warrants have been signed by the officers and others or by Officers-in-charge of parties in token of the accommodation having been provided;
- iv) the number of seats and the class of accommodation asked for and provided by the contractor is separately shown in the columns provided in the road warrant and
- v) the charges claimed are in accordance with the rates and conditions specified in the contract agreement on record.

Audit of Air Passage and Air Freight Claims

255. (i) Travel by air within Indian limits is permissible on temporary duty or permanent duty in the case of entitled officers of Services and DAD at their discretion and also whenever competent authority certifies that air travel is urgent and necessary in the public interest and that an appreciable saving of time would actually result from the persons

travelling by air instead of by surface transport.

(ii) Advances of TA and adjustment of such advances against travelling allowance bills will be in accordance with the normal procedure for rail journeys, except that TA claims for air journeys must be supported by a copy of the sanction accorded by the competent authority where necessary.

(iii) Defence Stores, the urgent moves of which is essential on medical grounds or for operational reasons, may be dispatched within Indian limits by selected services of civil air lines and these dispatches will be authorised only by officers of the rank of Brigadier and above. In all other cases dispatch of stores by air within Indian limits require the prior sanction of Government of India.

- (iv) In auditing the claims relating to air passage and air freight it will be seen that:
- a) the TA for journeys by air has been calculated correctly;
 - b) the journey by air is authorised;
 - c) the claims for air freight are supported by competent authority's sanction, a certificate as to urgency for air dispatch duly signed by the competent authority and receipt from the company for cash payment made.

(v) A few cases of dispatch of stores by air on grounds of urgency may be collected and should be got examined at consignee's end to verify that such dispatches were justified.

Post audit of claims of the Defence Accounts Department

256. The Travelling Allowance bills of officers and establishment of one Controller of Defence Accounts are post audited by another Controller viz., CDA (P) Allahabad for all other CsDA and CDA Patna in respect of CDA Allahabad. These bills should be audited by the CTA staff of the Command Officer in whose audit area the Controller's office is situated as well as by the CTA staff attached to the auditing Controller's office with reference to SR by which they are governed. To enable DDA Allahabad to avoid test audit of the same bills audited by various COs, the respective COs should furnish the details of monthly bills test audited by them after completion of the test audit of 'T' Section. An extract of outstanding demands as a result of scrutiny of Demand Registers should also be furnished to DDA Allahabad for further verification at his end. It should be seen that the daily allowance drawn by the Local Audit Staff of the DAD are in conformity with the special orders of the Government issued on the subject. Special checks should also be exercised in the audit of claims for the conveyance of personal effects with reference to the rules and orders on the subject.

CHAPTER -13

MISCELLANEOUS SECTION

Objectives

257 Objective of 'Misc.' section is to arrange prompt payment of bills relating to the miscellaneous expenditure for the upkeep and training of the Army.

Duties

The duties of the Miscellaneous Section are:

- i) Audit and payment of bills for expenditure of a contingent and miscellaneous nature and miscellaneous claims in respect of unit allowances.
- ii) Audit of charges relating to acquisition and disposal of lands and buildings by Military Lands and Cantonments Department.
- iii) Audit of charges paid from grants such as amenities grant, training grant, assault-at-arms grant, etc.
- iv) Audit and payment of bills on account of local purchase of stationery and local printing.
- v) Payment to the Survey of India for the supply of maps.
- vi) Audit of contingent and miscellaneous expenditure incurred by Indian Military Attaches/Advisers abroad.
- vii) Payment and adjustment of the cost of manufacture of medals and of decorations, and contingent and miscellaneous expenses claims of the Medal Section of the Ministry of Defence.
- viii) Adjustment of debits on account of postage and airmail fee on the bags dispatched by Defence Headquarters.
- ix) Adjustment of audit fees recoverable from Cantonment Boards for audit of their account by the Defence Accounts Department.
- x) Payment of imprest advances on I.A.F.F.-1036.
- xi) Half yearly review of pre-audit bills.
- xii) Post audit of bills in respect of contingent and miscellaneous expenses of the office of another Controller of Defence Accounts allotted for the purpose.
- xiii) Placing of cash assignments at the disposal of recruiting officers, Gorkhas and Indian Embassy in Nepal, audit of cash accounts rendered by them, and payment of permanent advances to other recruiting officers.
- xiv) Settlement of transaction pertaining to the Defence Services between India and Australia.

NOTE.-Work relating to item (iv) in regard to local printing only (except in the case of factory establishments for which the Pr.C.D.A. (Factories.) is responsible) and items (vi) to (viii) and (xiv) are dealt with centrally in the office of the C.D.A. (Army), Meerut. .

- xv) Scrutiny of Contracts of Miscellaneous nature, viz., messing contracts at selection centres and hair-cutting and washing contracts and conservancy services agreements.

258. Controller of Defence Accounts (Army) is responsible for the audit and payment of bills relating to settlement of transactions between India and Australia and audit of miscellaneous expenditure incurred by Military Attaches/Advisers including audit of claims of rental of buildings hired for the use of Military personnel serving in India Mission / Attaches abroad.

259. Payment and audit of expenditure against entertainment grant for the Chief of the Army Staff and Chief of Naval Staff is the responsibility of the Principal Controller of Defence Accounts New Delhi.

260. Claims for miscellaneous unit allowances and grants are preferred by the Officer Commanding units/formations to the Regional Controller of Defence Accounts/PCDA concerned for pre-audit and payment. The payment of miscellaneous unit allowance claims will be made by cheques. Units etc. stationed in operational / concessional areas or those located in places where banking facilities do not exist will be authorised to make payment out of their imprest after pre-audit of their claims by the Controller of Defence Accounts. The payment authorities, vouchers etc. should prominently indicate the classification code heads to which the charges are debitible in order that PAOs receiving the accounts should be able to compile the amounts to the code heads indicated. The vouchers etc, in original in such cases will be transmitted by the PAOs to the Controller of Defence Accounts who authorised the payment. As an exception to the above, condiment allowance is paid out of imprest subject to post audit by the Controller of Defence Accounts concerned. The claims of condiment allowance in respect of patients in hospital will be pre-audited.

261. The sectional compilation in respect of the month selected for audit should be collected from the Miscellaneous Section/EDP Centre concerned to ensure that all the vouchers pertaining to the month selected have been received for selection of vouchers for detailed audit.

262. The vouchers will be audited in accordance with the general rules for the audit of cash expenditure and also as laid down in Chapter-4 of Section III of C&AG's MSO (Audit)(Revised Edition – 2002) and Chapter- 9 Defence Audit Code. In the case of contingency charges the following points mentioned in para 435 of DAD OM Part II Volume- I Revised edition should be seen.

263. List of claims dealt with in the 'M' section is given in Annexure 'A' of the chapter. The following are the more important types of miscellaneous claims paid by Miscellaneous Section and the audit checks to be applied are indicated against each:

(i) **Local purchase of stationery and local printing**

It should be seen that the bills for local printing have been counter-signed by the Controller of Printing and Stationery where necessary in token of approval of the rates and that the bills for local purchase of stationery have been supported by the sanction of the CFA. In addition to the general checks to be exercised on contingent charges, the bills should be audited with reference to instructions laid down in AI 16 of 1965 as amended from time to time.

(ii) **Mess Maintenance Allowance**

It should be seen that the allowance has been correctly calculated with reference to relevant orders contained in Rule 99 to 108 *et seq* of the Regulations for the Unit Allowances of the Army and that deductions on account of charges for water, light and furniture have been made where necessary.

(iii) **Conservancy Charges**

These comprise payments to cantonment authorities for services rendered by them to Defence Personnel in cantonments and other conservancy charges in cantonment and non-cantonment stations. The agreement entered into with cantonment / other authorities for provision of conservancy should be carefully scrutinised. Payment for conservancy in respect of Military Lines in cantonments will be made by Officer Commanding Station with that authority. Rule 1206 of Regulation for the Army Volume-2 (revised Edition 1987) may also be seen.

(iv) **Condiment allowance**

- a) It should be seen that the cash allowance for the purchase of condiment is drawn at the prescribed rate and that it is drawn for the number of persons on the ration strength of the unit during the month.
- b) In regard to the propriety of charges it should be seen in test audit that conditions governing the grant of the allowance etc. have been fulfilled in each case.
- c) In cases where the amount of allowance or grant is dependent on the strength of officer of mess such as mess maintenance allowance etc. the certificates recorded by the Officer Commanding of Unit indicating such strength should be looked into.

Post Audit Bills of other Controllers

264. The post audit of contingent and miscellaneous bills of other Controller's offices is being done in Miscellaneous Section. The legitimacy of the charges should be checked with reference to the facts available to audit.

Miscellaneous grants

265. (i) Items of expenditure which are debitable to miscellaneous grants are dealt with in Chapter XII FR Part I and specific instructions in the form of Army Instructions or Government letters issued from time to time. They normally cover postage, telegram charges, liveries, hot weather etc., taxes, stationery, printing etc.

(ii) Expenditure incurred from the allotment for miscellaneous grant should be audited with reference to the rules and orders in regard to such claims and it should be seen that it has been correctly debited against the allotments concerned.

Welfare and Amenity Grants

266. (i) Cash grants will be sanctioned annually by Government for units and formations to finance the provision of sports gear / indoor games, literature, radios, gramophones, gramophone records, musical instruments and anything that helps with well being and morale of the soldiers which is not supplied by Government and which soldiers

themselves cannot provide. The Cash and Store accounts will be subject to audit by CDA concerned. Unexpended balance at the close of the financial year will be credited to Government.

(ii) In auditing the claims it will be seen that the charges have been preferred based on the authorised strength of the unit, the grants are drawn at the rates and under the conditions notified and no notification of the disbandment of the unit has been received up to the date of claiming, the date of raising of the unit indicated on the contingent bill if raised during the course of the year.

Annual Training Grant

267. (i) The Annual Training Grant is a grant made to the Deputy Chief of Army Staff in the Defence Services Estimates to enable the general staff to exercise administrative control over training and its expenditure. Allotment in respect of the annual training grant is made to Commands, independent Areas or Commandants of schools of instructions etc. by the Chief of the General Staff. This grant is intended to meet expenditure incurred in connection with weapon training, manoeuvres, training camps, tactical exercises with or without troops, staff exercises, training conferences, range courses and other form or forms of training of the regular army held under the direction of the Chief of Army Staff or any Army Commander. The grant is inclusive of the allowances for field firing stores grant, artillery target grant and TA/DA for local courses.

(ii) (a) Bills for personnel charges against the training grant will be pre-audited in accordance with the rules laid down in Appendix - 7, FR, Part-II & procedures laid down in Para 457 of DAD OM Part II Volume- I. It should further be seen that the unspent balance is refunded to Government by 31st March of the year to which the allotment pertains.

(b) The amount of expenditure incurred by training centres and some other important units should be linked with their strength through LTA parties with a view to ensuring that the expenditure does not exceed the amount admissible based on the yardsticks fixed by DGMT with regard to allotment of ATG.

Field Practice and Training Grant

268. (i) The Field Practice and Training Grant is a grant made to the Engineer-in-Chief in the Defence Service Estimates to enable him to exercise administrative control over training of the Corps of Engineers and over its expenditure. Quarterly accounts of Field Practice Training Grant ordinarily be submitted to the Controller of Defence Accounts concerned. The Officer-in-charge of FPTG however at his discretion and in consultation with CDA will submit half yearly accounts if for any reason such a course is preferable.

(ii) Allotments in respect of the FPTG for the Corps of Engineers are made to Commands by Army Headquarters and the amount so allotted are distributed to Engineer Corps, Commander Divisional/Corps, Troops/Army Troops or equivalent Engineers. All payments including those of outstation units forming part of a group will be made by the Controller of Defence Accounts in whose audit area the Group Headquarters is situated.

(iii) It should be seen in audit that the account is prepared in proper form and necessary certificates have been furnished by Officer-in-charge Field Practice Training Grant.

Educational Training Grant

269. (i) Educational Training Grant is an annual grant intended to cover expenditure connected with educational training of JCOs/ORs as outlined in Appendix 6 of FR Part. II. The grant is drawn on a per capita basis, quarterly in advance by the units and half yearly in advance by the Army Headquarters based on the actual strength of entitled personnel. It should be seen that the grant has been drawn correctly and that the expenditure incurred is covered by the rules. It should also be ensured that:

- a) stores purchased out of the grant have been brought to account properly;
- b) sale proceeds of old papers etc. are credited to Government;
- c) in respect of units under orders of disbandment the unspent portion of the grant has been credited to Government and unspent balance at the end of the financial year are refunded to Government by 31st March of that year.

(ii) The correctness of the grants drawn by a few units should be got checked through LTA Parties with reference to strength of the unit and per capita amount admissible.

Technical Training & Instructional Equipment Grant - Corps of Signals

270. (i) This grant is made available to the Signal Officer-in- Chief to enable him to exercise administrative control over training of the Corps of signals and its expenditure.

(ii) Expenditure from the grant is incurred in connection with the provision, fabrication and maintenance of instructional equipment and training aids for training in technical categories and for the purchase of Signal Stores and equipments pursuant to the efficient training of the Corps of Signals.

(iii) Quarterly accounts of technical training and instructional equipment grant will ordinarily be submitted for audit to the Controller of Defence Accounts concerned duly supported by vouchers and the requisite certificates signed by the Officer-in-charge Technical Training and Instructional Equipment Grant. The un-disbursed amount on 31st March will lapse to Government.

Technical Training Grant Corps of EME

271. This is a grant made available to the Master General of Ordnance to enable him to exercise administrative control over training of the Corps of EME and over its expenditure. Expenditure from the grant will be incurred in connection with the provision and maintenance of instructional equipment and. training aids for training in technical categories and for the purchase of stores and equipment pursuant to the efficient training of the Corps of EME. Quarterly accounts of the Technical Training Grant will be submitted for audit to the Controller of Defence Accounts concerned duly supported by vouchers and prescribed certificates signed by the Officer-in- charge of Technical Training Grant. The unspent amount as on 31st March will be refunded to Government

Signal Works Services Grant

272. It is a grant made to the Signal Officer-in-Chief to improve and maintain the efficiency of Army Static Signal Installations including public address Section of No.1 Army HQ Signal Regiment which is responsible for installation and maintenance of PP Equipment provided to it for the various national functions like Republic Day Parade, Independence Day Ceremony, Investiture ceremony at Rashtrapathi Bhavan, Martyrs' Day and so on. Cash Accounts will be maintained centrally by CSOs Headquarters Commands/Comdated Army HQ Signals/Comdated MCTE/DSI/DCSOs Area/Comn Zone

Area holding the rank of Brigadier/Colonel and Officers Commanding Units holding the rank of Lt. Col. These accounts will be subject to audit by the CDA concerned.

Monetary Grant in respect of Cadets

273. Consolidated grants placed at the disposal of the Commandants NDA Khadakvasla and Indian Military Academy, Dehradun, OTA Madras are intended to meet the cost of miscellaneous expenditure on extra curricular activities of cadets undergoing training at these Institutions. The grant would be drawn by the Commandant quarterly in advance based on the average strength in the previous quarter, necessary adjustment being made in the claims for the subsequent quarter. Quarterly accounts of expenditure from the grant will be submitted to CDA concerned for audit. Any unspent balance as on 31st March will be refunded to Government

Entertainment Grant

274. (i) An Entertainment Grant at the rates prescribed in FR Part-II will be placed at the disposal of Chief of Army Staff, Vice Chief of Army Staff and GOC-in-C, Commands annually and administered by them for entertainment purposes.

(ii) The grant is admissible in quarterly installments in the beginning of each quarter. Chief of Army Staff, Chief of Naval Staff and Vice Chief of Army Staff will draw the amount in advance from PCDA Headquarters New Delhi and GOC-in-C Commands will draw the same from the concerned regional CDA. The accounts of expenditure will be furnished to the CDA concerned from whom the advances are drawn and will be subject to audit. The un-expended balance thereof shall lapse to Government at the end of the financial year.

(iii) A special grant of Rs.30,000/- will be placed at the disposal of the Chief of Army Staff to enable him to make non-recurring payments on certain objects as given in Appendix 13A of FR Part-II. At the end of each financial year unspent balance will be deposited into the treasury for credit to CDA concerned.

Advances to Imprest Holders

275. Units and formations authorised to hold imprests for payment of advances of pay to JCOs, ORs and NCs (E) will draw the cash required for the imprest from the field cashiers (where functioning) or from the Regional Controller of Defence Accounts/PCDA on IAFF 1036. The Imprest Advances made will be debited to a Suspense Head (0/018/65)- Advances Pay and Accounts Officers and noted in a special demand register. These payments are communicated to PAOs concerned on IAFA 524 to whom the Imprest Holders have to render the monthly Imprest Accounts. The entries in the demand register will be cleared on receipt of acknowledgement from the PAOs. During the audit of Cash Requisition (IAFF-1036) it should be seen that:

- i) the requisition are complete in all respects;
- ii) the amounts paid have been noted in the Demand Register maintained for the purpose;
- iii) the payment have been intimated to the PAOs concerned and acknowledgement have been obtained and linked with the entries in the

demand register;

- iv) there are no old entries in the demand register awaiting acknowledgement from the PAOs. Cases awaiting acknowledgement from PAOs for long periods should be listed out PAO-wise and got verified in the concerned PAOs' offices with a view to ensuring that the Imprest Account has been rendered by Imprest Holders.

Contingent and Miscellaneous Expenditure of Military Attaches/Advisers Abroad

276. (i) Army Headquarters will intimate to Military attaches/advisers the allotments made to each of them to meet contingent and miscellaneous expenditure for the year, in the same manner as for other formations in India. A copy of this intimation will be endorsed to the CDA (Army) Meerut for watching the progress of expenditure in internal audit. Debits on the above account will be raised by the DGACR against the CDA (Army) Meerut who will audit and adjust the charges.

(ii) It will be seen in audit:

- a) that the accounts of contingent and miscellaneous expenditure have been countersigned by the Head of the Embassy or Mission in token of his approval to the expenditure and are duly supported by relevant vouchers;
- b) that the expenditure on contingencies has been incurred only on the authorised items;
- c) that the allotment for the year is not exceeded.

Payment to the Survey of India for the Supply of Maps

277. Survey of India Form No.O-145 duly received by the recipient units in lieu of IAFZ-2006 on account of maps supplied by them to Army units/formations will be accepted by PCDA New Delhi as CRV for making payments to that organisation. PCDA New Delhi will be centrally responsible for making payments to Survey of India for the maps supplied by that office to Army units/formations. The PCDA New Delhi after payments, forward Form No.O-145 (in lieu of CRV) of Survey of India to LAO concerned for verification of credit in the concerned unit's ledgers.

(Para 470 of DAD Manual Part II Volume- I revised in 2001)

Payment and Adjustment of the Cost of Medals and Decorations and Contingent and Miscellaneous Expenses Claims of the Medal Section of the Ministry of Defence - Cost of manufacture of medals:

278. Debits on account of the cost of manufacture of medals by the Government of India Mint, Kolkata are raised by the AG West Bengal against the CDA (Army) Meerut duly supported by the copies of Mint invoices. On receipt of the debit from the AG West Bengal, two copies of the invoices (one received direct from the Medal Section and the other in support of the debit from the AG West Bengal) are paired and one copy scheduled to the LAO concerned in Kolkata for linking in the Store Accounts of the Medal Section. The CDA (Army) Meerut accepts the debit by adjusting the amount against the relevant head of account. Cost of Decorations and miscellaneous expenses claims of the Medal Section of the Ministry of Defence

279. Bills on account of the expenditure incurred by the Medal Section Kolkata on account

of Contingencies etc. as well as on account of decoration/inscription charges of medals are dealt with centrally by the CDA (Army) Meerut. The above bills will be audited in the same way as other bills for contingent and miscellaneous expenditure. Treasury receipts for amounts deposited by the individual/units/formations into the civil treasury on account of the cost of duplicate medals replaced on payment are received in the Miscellaneous Section of the CDA (Army) Meerut from the Medal Section of Ministry of Defence. It should be seen that the treasury receipts have been adjusted against the appropriate head of account.

Audit Fees recoverable from Cantonment Boards for Audit of their Accounts by the DAD

280. The amount of audit fee to be realised from the Cantonment Boards for audit of their accounts by the Defence Accounts Department will be assessed by Misc. Section on the basis of the strength of the audit party, the number of days taken for the audit and the rates of fees as laid down in Government letters from time to time. The amount will be noted in the demand register maintained for the purpose. A Military Receivable Order for the amount recoverable will be forwarded to the Cantonment Board Authorities concerned. It will be seen in audit that treasury receipts for the amount has been received and amount realised has been credited to the proper head.

Recruiting Officers Accounts

281. Payments for advance of pay, ration money, subsistence allowance and railway fares of recruits and recruiters are made by recruiting officers except recruiting officers (Gorkhas, Kunraghat, Ghoom & Laheria Sarai) from permanent advances granted to them for the purpose. Expenditure incurred against advances will be recouped on submission of detailed bills of expenditure supported by duplicate and triplicate copy of the Nominal Roll as brought out in Para 482 *et seq* of Chapter VI of DAD, OM part-II Vol-I (Revised Edition) 2001.

Recruiting Officers (Gorkhas) Accounts

282. (i) Monthly cash assignments are placed by the CDA (Army) Meerut at the disposal of Gorkhas recruiting depot and record office, Kunraghat for payment on various counts to Gorkha personnel of units with which they deal. Similar assignments are placed by the CDA Patna at the disposal of the Gorkhas recruiting depots and record offices Ghoom and Laheria Sarai.

(ii) Monthly general state of accounts are to be rendered by the Gorkha recruiting officers to the CDA (Army) Meerut/CDA Patna duly supported by;

(a) Acquittance Rolls and acquittance rolls summary

(b) Payment authority issued by the PAO in respect of amounts due together with acquittance rolls on which reference to the number and date of the payment authority will be quoted. Intimation of the payment on account of pending enquiry awards and death gratuities will be sent by the recruiting officers to the record office concerned together with the relevant vouchers for crediting the amount to Government in favour of the CDA (Army) Meerut/CDA Patna and treasury receipt will be forwarded to the Controller. These treasury receipts will be adjusted and linked with the debits in the recruiting accounts.

283. Details of advances paid by Recruiting Officers and Recruiting Officers (Gorkhas)

and payment made by Recruiting Officers (Gorkhas) and Record Office on payment authorities issued should be collected during Central Test Audit for verification of the correctness thereof in the IRLAs maintained by the respective PAOs.

Settlement of transactions between India and Australia

284. Transactions pertaining to the Defence Services between India and Australia will be settled through the CDA (Army) Meerut by actual recovery from or payment to the High Commissioner for Australia in India. For the purpose, the transactions originating in the audit areas of other Controllers of Defence Accounts/Pr. Controller of Defence Accounts on behalf of Australia, will be passed on to the CDA (Army) Meerut by those CsDA/PCsDA through Defence Exchange Accounts duly supported by full details and vouchers. Similarly the High Commissioner for Australia in India will render to the CDA CC an account of all Defence transactions originating in that country on behalf of India, duly supported by full details and vouchers. The account will be settled by the CDA (Army) Meerut by actual payment to or recovery from the High Commissioner for Australia in India after obtaining concurrence of the CsDA/PCsDA concerned. The transactions so settled should simultaneously be passed on to the CsDA/PCsDA concerned for final adjustment in their books.

Audit of the claims for rental buildings hired for the use of military personnel serving in the Indian Missions/Attaches abroad

285. (i) Debits on account of rentals for accommodation hired in foreign countries for the use of military personnel serving abroad made by embassies (except those made by the High Commissioner of India in U.K.) will be raised by the DGA against the CDA (Army) who will audit and adjust the charges.

(ii) The vouchers post audited by the CDA (Army) Meerut will be subject to test audit. The following points are to be specially seen;

- a) that the number and date of Government of India letter laying down the ceiling rentals for the accommodation hired is endorsed on the voucher;
- b) that the rental is indicated both in Indian and local currencies;
- c) that the stamped receipt is attached;
- d) that the prescribed certificates have been endorsed by the Head of the Mission.

Books of references

1. Clothing Regulations & AI 84/48 as amended.
2. F.R. Part. I
3. Regulations of IA
4. Regulations for Medical Services (1962 edition)
5. Unit Allowance of the Army
6. AI/73/49 as amended
7. Pay and Allowances Regulations (Officers) Army
8. Regulations for the Army (1987 edition)
9. AI 617/46 as amended & AO 415(61)
10. Pay & Allowances Regulations (JCOs/ORs)

Annexure-A
List of claims dealt with in the ‘M’ section
[Referred as in para 263 of the chapter]

S. No.	Nature of Claims	Form on which preferred	Authority and orders bearing on the subject
1.	Allowance to recruiters	IAFA-115	BLANK
2.	Allowance for empty metal cartridge cases, lead and fired bullets brass and copper returned to ordnance depots;	“	Paras 136, 138 E.R.I. for the Army 1965, Edition.
3.	Amenities to troops	“	(i) Specific sanction of the Government of India published annually in A Is. (ii) Rule I Regulations for the Unit Allowance of the Army.
4.	Annual grant for central area and brigade libraries	“	Rules 71 to 73, Regulations for the Unit Allowances of the Army.
5.	Annual training grant	“	F. R. Part II, Appendix I.
6.	Assault-at-arms grant	“	--
7.	Band allowance	“	Rules II and 12 Regulations for the Unit Allowances
8.	Battery charging by civilian firms	“	A.I. 491/46.
9.	Books and periodicals	“	Para 604 Regulations for the Army (1962)
10.	CG.S. Cash assignment grants	“	Appendix 6 F.R. Part II
11.	Charges on account of private nurses	“	Para 304, 305 & 307 R.M.S. (1962 Edn.).

12.	Charges on account of treatment of military personnel in civil and private hospitals.	“	Paras 293 to 295 R.M.S., Rule 55-56 F.R. Pt - II.
13.	Charpoy allowance	“	--
14.	Charge of treatment of Government animals by Civil veterinary authorities.	“	Para 994-Regulations for the Army (1962).
15.	Claims of cantonment authority for conservancy services rendered.	“	Para 1206 Regulations for the Army (1962).
16.	Claims regarding loss caused to municipal committed council by the exemption to military personnel from payment of certain taxes.	“	Rule 288 F.R. Part I.
17.	Claims under Workmen's Compensation. Act	“	(i) AI. 104/1964. (ii) Workmen's Compensation Act 1971 Edn.
18.	Claims for compensation for loss of life or injury or damage to private property caused by members of armed forces.	“	Government of India, MOD letter No.97949/PS 3 (Claims)/3862 C/D(Pay)/Services) dated 25.11.61 as amended by their letter No.97949/PS.3(Claims)/8835/D(Pay)/Services) dated 21.10.63
19.	Clothing alterations and fittings charges	“	Paras 141-142, 145, 146 and 392, Clothing Regulations and A.1.84/48
20.	Clothing repair to Territorial Army	“	Para 138 and 218 Regs for T.A. and A.I. 197/31 as amended.
21.	Compensation to municipal board, Nainital for loss of revenue as a result of exemption of military personnel from the payment of toll tax.	IAFA-115	Rule 288, F.R.(I)
22.	Compensation for disability cost of artificial limbs	“	Para 423 and 424 Regulations for Medical Services (1962 edition)
23.	Condiment allowances	“	Rules 31, 32 UA of the Army
24.	Contract allowance for upkeep of wireless sets under the All India Wireless Scheme	“	
25.	Cost of trunk calls and telephone rent bills	“	93 to 98 F. R. Part II and Rules 285 F.R. Part I.
26.	Contract allowance for recruiting officer and assistant technical recruiting officer.	“	
27.	(a) Contribution to labour welfare fund to civilians employed in industrial establishment	“	Rubs 68 and 69 Regulations for the Unit Allowances of the Army.
	(b) Labour Welfare fund for civilians (non-industrial personnel).	“	Rules 134 to 137 Regulations for Unit Allowances of Army.
28.	Contingent miscellaneous expenditure of Military Attaches/ Adviser to Indian Embassies in foreign countries.	“	Government of India, Min. of External Affairs No. F. 25/(10) BUA-II/59/E.A.I/62/I/178 dated 31-10-62.
29.	Denture repair and renewal of officers and other ranks, etc.	“	Para 212 R.M.S (1962) edition.

30.	Dental treatment and supply or repair of artificial denture on re-payment to private patients claim for reimbursement of amount to dental officer	“	A.I. 73/49 as amended
31.	Educational training grant	“	Rules 42 to 51 Regulations for Unit Allowances of Army. Specific sanction of the Government of India published annually in A. Is.
32.	Examination of pathological specimen at Government civil laboratories and hospitals	“	Para 294 R.M.S. (1962 Edn.)
33.	Examination fees (civilian examiners	“	316 to 318, 325, 328 to 329 Pay & Allowances Regulations (Officers) Army.
34.	Extra issue of public clothing repair and cleaning of	“	A. I. 110/55.
35.	Fees to barristers and pleaders	“	Paras 537, 541 Regulations of the Army (1962 Edition).
36.	Fees for examiners of questioned documents	“	A. I. 134/66 and 177/70
37.	Field practice and training grant for Engineers	“	Appendix 2 FR. Part II.
38.	Funeral allowance	“	Rules 301,302 P&A. Regs.(Officers) Army Rules 163-165 P&A Regulations: (JCOs/ORs/NCsE).
39.	Grant to military dental centres for miscellaneous incidental expenditure	IAFA-115	Rule 151 Regulations for Unit Allowances of Army.
40.	Grant of assistance to soldier's families proceeding to Kunraghat, Ghoom, Indian Embassy in Nepal, Laharia Sarai, Purnia, Bahriach, etc. to claim their estates.	“	Specific sanction of iii Government of India.
41.	Grant in aid for provision and maintenance of general mess property to M.N.S.	“	Rule 119, Regulations for the Unit Allowances of the Army.
42.	Grant in aid and donations to institutions	“	Specific sanction of the C.F.A. in I.A.FA -497.
43.	Grant in aid and donations to cantonment funds	“	Specific sanction of the Government of India.
44.	Grant for ceremonial parades	“	Rule 290 F. R. Part I.
45.	Hair cutting and washing allowance	“	Rules 60 to 63 Regulations for the Unit Allowances of the Army.
46.	Honorarium to blood donors	“	Government India, M of D No. 5507/DGAFMS/DG 3A/1679/D (Med) dated 30-3-60
47.	Hot weather appliances	“	Paras 1301 to 1304, 1306 Regulations for the Army (1962 Edition).
48.	Incidental and other miscellaneous charges of T.A.	“	Rules 208 et seq., T.A. Regs. (1948).
49.	Instructional equipment and technical	“	Rules 167, 168 Regulations for the Unit

	training grant		Allowances of the Army.
50.	Jars water	“	A. I. 302/60.
51.	Library allowance	“	--
52.	License fees chargeable for army washermen	“	Rule 288 (c) F.R. I.
53.	Line contingent allowance	“	77 to 79 Regulations for the Unit Allowances of the Army.
54.	Liveries to peons	“	Rule 286 F. R. Part I.
55.	Local purchase of stationery, binding charges and local printing charges.	“	A. I. 16 of 1965
56.	Local purchase of medicines	“	Para 628 of RMS (1962 Edition)
57.	Maintenance of hospital gardens	“	Para 486 and item No.8 of Appendix 10 of R.M.S. (1962 Edition)
58.	Messing allowance-members M.N.S.	“	Rule 119, Regulations for the Unit Allowances of the Army.
59.	Messing charges, candidates selection centre and other contingent charges selection boards.	“	Government of India, M of D, New Delhi letter No A/29921/RTG/6 (SP) (6) 486-Sid (AG-II) dated 2.4.71 and other relevant rules from regulations for the unit allowances of the Army.
60.	Mess maintenance allowance	“	Rules 99 to 108 Regulations for the Unit Allowances of the Army
61.	Miscellaneous claims of military lands and cantonments	“	Government of India M of Def. New Delhi letter No. 41/25/ADM/L&C/I 139-G/D (C&I), dated 30-4-63.
62.	Miscellaneous claims of training and educational establishments.	IAFA-115	Rule 175 Regulations for Unit allowances of the Army
63.	Money order commission for remittance of public money	“	Rules 282 F.R. (I)
64.	Musketry prize allowance	“	Para 2 I 9, Regs. for the TA
65.	Office Allowance	“	A. I. 617/46 A.O. 415/61
66.	Office machinery-purchase of typewriters duplicate	“	A.I. 129/67
67.	Payment of V.P.P. and on account of window deliveries, post bags and post boxes	“	Rule 282 F.R. Part I.
68.	Petty stores allowance	“	
69.	Permanent advance	“	Rules 223 and 226 Regulations for the unit Allowances of the Army.
70.	Photography charges-	“	(i) A.O. 827/48 and Ministry of Defence No. 4461/DMI/GSI/(b) (ii) 96- 5/S/DI (a) dated 18th January 1949.
	(i) For affixation of photographs to soldiers' personal books (I.AB. 64)		
	(ii) Passes for civilians of ordnance establishments"	“	(ii) Ministry of Defence No.44117/MG/OS.IO/A/515/5D2 (b) dated 1st December 1949.
	(iii) Passes for civilians of M.E.S. serving in 'E' and 'M' installations.	“	(iii) Ministry of Defence No. 34378 I/E.I.C./7400E/A-6(b) Dated 13th November, 1950
71.	Postage on bearing covers	“	Rule 283 F,R. Part I.

72.	Provision of clothing for ayahs and female sweepers in families ward of military hospitals.	“	Rule 286 F.R. Part I.
73.	Ration allowance to apprehended military deserters	“	A.I. 394/52 ad amended by A.I. 127/54.
74.	Reward for pointing out position of unexploded shell	“	Rule 248 of P & A Regulations JCOs/ORs,
75.	Refreshment allowance - T.A. Units	“	Para 237 Regs. for the TA
76.	Rewards for apprehension of deserters	“	Rules 231 and 233, P & A Regs. JCOs/ORs
77.	Registration and licence fee under Factory Act	“	State factory Rules in which the Factory is located G of I. M. of D letter No. 63444/AG/Org 4 (c)/3188 D (Lab) dated 25-3-1953.
78.	Repairs to typewriters and duplicators	“	A. Is. 129/67
79.	Reward for information leading to conviction of Incendiaries or for the recovery of stray cattle	“	Rule 58 (vi) F.R. Part I.
80.	Reward for information leading to the prevention of thefts from Deptt. of supply	“	Rules 58 (vii) F. R. Part I.
81.	Rewards to recruiters for Gorkhas	“	Rule 234 P & A Regs. JCOs/ORs.
82.	Scholarship and financial assistance to gentlemen cadets	“	Specific sanction of the Government of India.
83.	Service postage labels and post cards	IAFA-115	Rule 282 (e) F.R.I
84.	Servicing and replacement of parts of Adrema machines.	“	Ministry of Defence NO, 36920/ AG/PS3 (g) 0048.A/D 5 dated 11th October 1950 and No. G. 27/154/8676/PF and G(b) dated 12-6-54
85.	Servicing of comptometers on charge of static ordnance depots	“	Min. of Def. No 065 I 5/M/G/OS 20A F 43~8/3310/PFUS-1 dated 17.3-1958.
86.	Stamp duties and copying charges by bankers on account of documents produced at trail by court martial.	“	Rule 36 Regulations for Unit Allowances of the Army.
87.	subsistence allowance to-	“	"Rule 199 Pay & Allowances Regulations JCOs/ORs
	(a) Recruits		
	(b) Cooks, water-carriers, bakers and dairymen who have to undergo to the "carrier" examination prior to enrolment or entertainment.	“	Rule 202 P & A Regs, JCOs/ORs.
88.	Survey material allowance	“	Rule 131 Regulations for the Unit Allowances for the Army
89.	Telegrams, cost of which was paid for unavoidably in cash.	“	Rule 284 F.R.I.
90.	Monetary grants for initial equipment of field service messes	“	Rules 89-91 Regulations for the Unit Allowances of the Army.
	(a) For JC.O.s.		
	(b) For Officers	“	Rules 81-86, Regulations for the Unit Allowance of the Army.
91.	Testing material grant	“	Specific sanction of the Government of India.

92.	Up-keep of bicycles	“	Rules 15-20 Regulations for the Unit Allowances of the Army.
93.	Washing allowance to class IV servants	“	Rules 286 and para 6 of Appendix VI F.R. I.
94.	X-Ray treatment on repayment to non-entitled personnel	“	Appendix 5 (Item 77) RMS (1962 Edn.)

CHAPTER 14

STORE CONTRACT AND STORE AUDIT SECTIONS

286. The various items of work together with objectives and duties of stores contract section and the internal audit checks exercised by the Defence Accounts Department are detailed in Chapters VII and VIII of DAD OM Part II Volume--1. Moreover, Chapter X of F.R. Part I, Chapter 10 of Defence Audit Code, Chapter III and Appendix VI of ASC Training Volume- II besides Chapter VII of DAD OM Part II Volume- - I revised edition 2001 should be studied before taking up the audit of the section.

SECTION -I

Stores Contract Section

287. Objectives of Stores Contract Section are:-

- i) to advise the Administration/Executive Authorities on financial and other allied aspects of ASC and other contract;
- ii) to make prompt payment for supplies and services rendered by the Contracts;

288. The Duties of Stores Contract Section are:

- i) to scrutinise comparative statement of tenders before contracts are sanctioned and executed by the administrative authorities;
- ii) to scrutinise completed contract agreement amendments, cases of enhancement of rates, extension of contracts, etc;
- iii) to audit and payment of claims in respect of supplies made or services

rendered

- iv) to schedule local purchase vouchers, etc., to L.A.Os, for verification of credits and to watch their return;
- v) to deal with all work connected with the receipt and refund of security deposits of contractors.

Scrutiny of Contracts and Agreements

289. (i) Supplies and Services required by Government are generally arranged by Contract for which tenders are invited. Procedure for conclusion of ASC Contracts for perishables is detailed in Government of India, Ministry of Defence letter No. F-2(1)/83/D/Q7 dated 6.8.83 as amended from time to time. The tenders pertaining to ASC Contracts after having been opened by the Station Board of Officers will be examined by the Panel of Officers including (a) Executive Officer (b) Representative of Formation Commander (c) Representative of CDA/PCDA concerned. The panels of Officers are responsible to examine the tendered rates in hand in relation to the "Reasonable" rates, and the tenders will be recommended for sanction in favour of the lowest tenderer. In order to ensure smooth running of contracts and procure better quality of fresh supplies, combining of contracts would be done by contract concluding officers keeping in mind economy, administration, ease of operation, strength of troops and estimated requirement for a particular station. Contracts will not normally be extended beyond the period for which they have been sanctioned.

(ii) Price preference subject to a maximum of 10% may be afforded to Central Government / State Government undertakings based on the lowest rates achieved in the open tendering/ invitational offer. All contracts for fresh supplies will be concluded for duration year only and the commencement date of the contracts will be governed by Para 91 of Ministry of Defence letter dated 6.8.83.

(iii) Detailed scrutiny of Contract Agreements with references to local records is undertaken locally in the offices of the contract-executing officers attached to Commands, Areas, Sub-Areas etc. However, detailed scrutiny of contracts other than for ASC supplies will be undertaken during Central Audit. The points mentioned in para 502 of DAD OM Part II Volume--I should be seen at the time of audit of bills:

(iv) In the case of contracts entered into without calling for tenders, it should be seen that sufficient justification existed for not calling for tenders. In the case of contracts given to other than the lowest tenderer, it should be seen that the reasons given for rejection of the lowest tender are valid.

(v) Procedure for conclusion of Annual Rate Contracts for expendable stores/consumable items by MGsAOC Commands for being operated by Direct Demanding Officers is detailed in Government of India, Min. of Defence letter No.13 (i)/91/WS (0-1) dated 18.1.91 (amended from time to time). It should be seen that in concluding such contracts the procedure outlined in the Government letter referred to above has been followed and that units do not resort to local purchase of items which are covered by the Rate Contract.

(vi) A report on the number of contracts given to other than the lowest tenderer rendered by the CDA/PCDA to the Command Officer should after necessary scrutiny and incorporation of the material furnished by the Local Audit Parties should be submitted to the Director General of Audit, Defence Services by the Command Officers in the prescribed form in Annexure to this chapter during the first week of September each year, the details of cases examined in test audit and those examined by DAD being indicated separately in the

statement.

(DADS No.1797/A-6/KW/16/30 dt. 5.12.1932 &No.3209/B-Stores/10/42-49 dt. 24.9.1949).

Long Term Contracts

290. (i) The duration of contracts have been specified in Rule 246 FR Part I. Any contract concluded the duration of which is more than twelve months should be subject to careful scrutiny. These contracts should be examined to see that special reasons are recorded for deviating from the normal procedure of concluding contracts for 12 months, that they are advantageous to Government and that provision for terminating the contracts with a few months notice and to alter the rates in accordance with the rise and fall in the market rates exist. The clauses of the contracts should be examined to see that these are standard clauses and wherever any unusual clause or special clause in a contract is noticed, its implications should be carefully considered. The manner in which it has been operated should be seen during scrutiny of the bills relating to it.

(ii) Observations on the scrutiny of long-term contracts sanctioned by the Government of India before being communicated to the Controllers should be referred to the Director General of Audit. A report on the scrutiny of long-term contracts should be submitted by the Command Officer to the Director General of Audit by 1st week of September.

(DADS Nos. 2382/Reports/11/32 dated 10.3.33, 3209/B-Stores/10/42-49 dated 24.9.49, 552/B/S/17/82/83/Army dated 09.05.86 and 3559/B/S/17/82/86/ Army dated 26.11.86)

Payment of Contractor's bills

291. (i) Contractor's bills are divided into two categories :

- a) bills for stores purchased locally for stock in supply or store depots and direct delivery to consuming units;
- b) bills for hired transport including carriage of personal baggage on transport indents and of military passengers and their baggage on the authority of road and river warrants.

(ii) The Sectional compilation for the month selected for detailed audit should be collected from the Store Section for the purpose of selection of vouchers before commencement of audit. It should be seen in audit that payments are made strictly in accordance with the terms of the contract. The following main points should be borne in mind while auditing Contractor's Bills:

- a) that the purchase of stores has been sanctioned by the competent authority and the procedure to be followed as prescribed in various Government letters are adhered to.

(Government of India, Ministry of Defence No. F.S (3)/7910(0-11) dated 26.7.80 as amended for Ordnance Stores, Government of India, Ministry of Defence letter No.A/55452/ABW/EME OPS 2/49210/0-11 dated 8.5.90 in respect of E.M.E requirements etc. refers);

- b) that the bills are preferred by the person authorised to do so and the vouchers are in the prescribed form and prepared in ink and signatures are in ink;
- c) that the supporting vouchers bear an endorsement by the Depot or unit receiving the stores, showing the particular ledger or return and the months

account in which the stores have been brought on charge and that the procedure for avoiding double payments to contractors have been followed. For ensuring that no double payments have been made, the register of payments to local purchase contractors should be examined;

- d) that the rates charged agree with the rates recorded in the Contract Agreement/Rate Contract;
- e) that where proportions of different categories of supply of stores have been agreed upon in a contract the proportions are adhered to;
- f) that in cases where supplies have been made in excess of those specified in the contract, the executive authorities are informed of the quantities paid in excess to enable them to keep a check over such supplies;
- g) that no supplies have been made after the expiry of the period of contract;
- h) that the penalties prescribed in the Regulations or in the contract agreement have been enforced on the defaulting contractor in the case of supplies made by a party or agency other than the person with whom the contract was originally entered into;
- i) that the stores indented are prima facie such as are required for the unit/formation concerned;
- j) that in the case of local purchases, articles of indigenous manufacture are given preference to others and in the case of bills for direct local purchase sanction of the C.F.A exists;
- k) that the supporting vouchers are promptly sent to the LAO concerned for verification of credit for the stores in the ledger etc. of the unit/formation concerned. Particulars of few vouchers (preferably of considerable monetary value) indicating the details of the stores and the consignees should be intimated to the Local Test Audit parties for direct verification of the credits for these stores in the consignee's ledgers. This verification does not, however, affect the normal procedure of verifying credit for stores with reference to the vouchers collected from the LAOs during the local audit of the unit/formation;
- l) that security deposits tendered in the authorised forms only have been accepted;
- m) that repeat orders where placed are in accordance with orders on the subject;
- n) articles of different makes and patterns serving the same purpose is treated as similar articles as per Note 2 under Rule 147 FR Part I Volume- I;
- o) in respect of local purchase of centrally purchased articles, it should be seen that such emergency purchases are restricted to 7 days to meet day to day requirements and that such purchases are effected from State/Central Government undertakings, Co-operative societies at rates considered competitive and reasonable.
- p) The contractor is required to submit a certificate in writing stating that whether he is willing to receive the 95% payments from the supply Depot and 5% from the PCDA/CDA or 100 % payments from the pr. CDA/CDA.

(Government of India Ministry of Defence No.633/3/LP/Q/ST-4/2884/D (Gs) dated 19.7.83)

Hired Transport Bills

292. (i) In auditing bills for hired transport the points enumerated in para 512 of DAD OM Part II Volume- I should be seen.

(ii) It should be seen that all vouchers for which payments are authorised have been cancelled and bear enfacement to that effect. In the audit of Store Accounts it is very important to see that the receiving depot or unit has endorsed on the vouchers a certificate of having taken the stores on charge in a specified account. This should be seen during audit of local purchase and hired transport bills.

(iii) It should be seen that acknowledgements have been received for cheques sent to contractors by post direct or through Banks.

Supply and Services Imprest

293. (i) The Supply and Services Imprests are provided to all units/formations including Supply Depots for the following purposes:

- a) Purchase of supplies/stores locally;
- b) Payment of hire charges;
- c) Payment of excise duty on rum, allied levies on account of storage licence fee and gallonage fee;
- d) Payment of charges on account of water supply drawn from civil sources to troops deployed in forward areas;
- e) Payment of ASC Contractor's bills for fresh supplies and firewood to the extent of 95% or as specified in the contract agreements subject to post audit;
- f) Payment of casual labour.

(ii) On receipt of the sanction the CDA/Field Cashier will allot an imprest number to the unit concerned. The Imprest Holder will personally operate the Imprest Account. The Account will be a simple chronological record of cash transactions purely for "Supplies and Services" transactions showing the actual dates and amounts of all receipts and payments from the 1st to the last day of the month and the opening and closing balances of cash. Monthly account will be forwarded to the CDA supported by the requisite documents and proper sanction of CFA wherever necessary.

(iii) When the necessity of a Sanctioned Imprest Account ceases to exist the Imprest Holder will at once pay the cash balance of his account into the treasury on a MRO and forward the Treasury Receipt along with the final Imprest Account clearly marked as such.

(iv) In scrutinising the Supply and Services Imprest Accounts, it should be seen that the accounts had been rendered correctly and that in respect of 95% payments or as specified in the contract agreement made to contractors for fresh supplies a proper link is maintained of the balance payments as evidenced by entries in the Registers maintained for the purpose.

(v) The opening balance is verified with the closing balance of the previous month and payments accounted for in the account are verified with vouchers received with weekly advance schedules as indicated in Para 363 of Defence Audit Code (1972 Edition).

Security Deposits

294. All Security Deposits on receipt will be recorded by CDA/PCDA in the Security Deposit Register which will be maintained in two parts, one for Security Deposit tendered in cash and the other for all other Security deposits. On the expiry of a contract and after fulfilling all undertakings the refund/release of a Security Deposit will be made to the contractor on the production of a no demand certificate duly completed in all respects as indicated in Rule 216 of F.R. Part I. Necessary entries will be made in the Security Deposit Register.

Lapsed Security Deposits

295. At the close of each official year all cash, security deposits remaining unclaimed for three years, exclusive of the year in which the Deposit was made and all balances of Security Deposit of not more than one rupee in amount will be transferred to the credit of Government under appropriate head by the Controller, a note of the transfer being made against the entry in the Register of Security Deposit. The registers maintained for the purpose should be scrutinised to see that they are maintained as prescribed and that deposits remaining unclaimed for more than 3 years are credited to Government. In the event of lapsed deposit being repaid it should be seen that the procedure indicated in para 250 and 251 of Defence Account Code had been followed. The procedure indicated in para 534 of DAD OM Part-II Volume--I should also be seen.

SECTION- II

Stores Audit Section

Objectives

296. Objectives of Stores Audit Section are:

- i) To help in the financial control of the activities of Quasi-Commercial organisations and manufacturing establishments of the Defence Services.
- ii) To pay for Stores and Equipment procured for the Defence Services indigenously and from abroad.
- iii) To ensure correct recovery and compilation of dues to the Defence Services on Store transactions, hire of transport, hospital treatment, etc.

Duties

297. Stores Audit Section deals with:

- i) Cash accounts current of military farms and remount depots.
- ii) Monthly accounts and annual productions account of bakeries, 1978.
- iii) Maintenance of statistics in connection with and the publication and revision of rates, pricing of payment issue vouchers, loss statements, service transport indents, etc., and adjustment of cost thereof.
- iv) Audit of sale accounts and audit and payment of bills on account of auctioneers' commission. .
- v) Invoices and packing accounts of imported stores.
- vi) Customs duty charges.
- vii) Payment of sea freight and landing stage bills.
- viii) Central purchase of stores in India.

- ix) Adjustment of treasury receipts for.
 - a) Hospital stoppage rolls in respect of non-entitled personnel admitted into hospital,
 - b) Recoveries made on account of loss of stores by individuals.
 - c) Hire of Government transport for amenities purposes, etc.
- x) Adjustment of charges on account of medical treatment between the Defence Services and State Governments (other than Madras State).
- xi) Adjustment of transactions relating to Q.M.G.'s food installations.
- xii) Recovery of extra expenditure incurred by the Defence Services in connect with aid to civil powers.
- xiii) tment of claims for losses of stores in transit.
- xiv) Financial review of the working of manufacturing establishments.

Note: Instructions contained in Defence Audit Code, Store Accounting Instructions, Financial Regulations Part I & II and DAD OM Part II Volume--I 2001 (Edn.) should be studied before taking up the audit of this Section.

Military Farms

298. The detailed procedures for maintenance of Accounts by the Military Farms are contained in Paras 537 to 542 & 555 and Audit procedure in Paras 537 to 556 of DAD OM Part II Volume- I.

Invoices and Packing Accounts for Imported Stores

299. All invoices for imported stores will be priced and forwarded to the Military Farms for inclusion in their Cash Accounts. All expenditure in connection with the purchase of dairy produce by contract at Stations where Military Farms do not function will be debited to a separate head in the Cash Book of Military Farms through whom the supplies are arranged. It should be seen that prompt action has been taken by CDA to ensure credit verification of the stores through concerned Local Audit Officers.

Coupon Account

300. (i) Cash realised by the sale of coupons is credited under column 17 of the Cash Book. These amounts should be compiled in the first instance under the head "Miscellaneous Deposits" which will be relieved by contra credit to Head "Military Farms-Proceeds from the sale of Dairy Produce" as and when issue of dairy produce are made in exchange for these coupons. A monthly statement showing the value of dairy produce sold during the month, the value of money refunded to customers for unused coupons returned by them, the value of coupons sold and the balance on hand at the end of the month is received from the Military Farm. An annual account of coupons is also received from Military Farms and the closing balance shown therein checked and agreed by the Store Audit Section with that arrived at from the monthly compilation.

(ii) This coupon account should be test checked to see that the adjustments are made properly and the correctness of the value of unredeemed coupons outstanding at the end of each year has been certified by the CDA.

Annual Accounts

301. (i) Deleted

(ii) These accounts are audited by LAO. The original accounts of Military Farms are scrutinised locally by the Local Test Audit Staff. The detailed instructions regarding the audit of various accounts of Military Farms are dealt with in Chapter 34 of the Manual.

(iii) The consolidated (Command-wise) Annual Accounts of Military Farms are audited by the Command Officer concerned during central test audit of the Store Audit Section or local test audit in the office of the DDMF at Command as is convenient and a report rendered to the Director General of Audit by 5th November each year on the subject "Consolidated Annual Accounts of Military Farms for the year....."

Loss Statements

302. (i) It should be seen that all losses are reflected at the foot of the annual trading account and their totals agreed with the amounts compiled.

(ii) The detailed procedure for audit of cash accounts/Annual Accounts of Military Farms is contained in Chapter VIII of DAD OM Part II Volume- - I and Chapter 34 of Defence Audit Manual Volume-I Part 'B' & 'C'.

Remount Depots

303. (i) Officers-in-charge of Remount Depots wherever positioned are granted assignments at Treasuries or Branches of State Bank of India. Payments are made by cheques drawn against such assignments and monthly cash accounts rendered to the CDA concerned. These cash accounts are accompanied by the schedules and other necessary accounts. On receipt in the Section they will be classified under the various heads and sub-heads of classification.

(ii) The cash account will be audited in accordance with the general rules governing audit of cash expenditure. The following points should also be seen:-

- a) that the cash account has been prepared on the proper form and is duly supported by all the prescribed schedules and vouchers;
- b) that the cash account and the supporting documents have been correctly prepared and are complete in all respects;
- c) that the sanction or orders of the CFA have been obtained where necessary;
- d) that bills for the keep of animals are supported by a roll of animals, by classes in which the number of syces employed is shown. This number should be checked against the number of animals shown on the roll;
- e) that the bills for food expenses of animals sent to units and formations are prepared on IAFA-78 and the charges on this account compiled as contingent expenditure of the depot concerned, and
- f) that the moneys from cash assignments are expended only on the objects for which the assignments have been granted.

(iii) The correctness of classification of both cash and store transactions as shown in the headings of the account should be checked.

304. Deleted

Payment Issue Vouchers

305. (i) The procedures for Free issues & Payment issues of Articles of A.S.C. supply purchased locally are contained in Para 570 of DAD OM Part. II Volume--I revised edition 2001.

(ii) It should be ensured in audit that the issues are correctly priced and that prompt action has been taken to adjust the treasury receipts. Any delay in adjustment of outstanding cases should be investigated and it should be seen that all necessary action for their clearance has been taken.

(iii) The responsibility to watch recovery of cost of stores supplied to foreign governments against their demands sponsored by the Ministry of External Affairs devolves on the CGDA's office. A copy of the statement showing particulars of the issuing depots numbers and dates of issue vouchers, their cost etc. will be forwarded by the CGDA's office to the CDA/PCDA concerned, who in turn will furnish relevant extracts therefrom to the LAOs for linking.

Service Transport Indents

306. The detailed procedure for service transport indents given in para 306 of DAD OM Part-II Volume--I may be referred to.

Sale Accounts

307. (i) When surplus and obsolete stores are disposed of, Units/Formations will prepare Sale Accounts and forward the same to CDA's office for disposal together with the following documents:

- a) Treasury Receipts
- b) Auction Catalogue
- c) Comparative statement of tenders etc.

(ii) While checking the Sale Account, Audit procedure mentioned in Para 591 of DAD OM Part II Volume- should be seen.

Invoices and Packing Accounts of Imported Stores

308. (i) The invoices for imported stores on receipt from the DGISM will be entered in the Register of Invoices maintained in Stores Audit Section. These invoices will be checked to see that all stores detailed therein are for Defence Services and pertain to the accounts dealt with by the CDA. The register should be generally scrutinised and it should be seen that the calculations in the invoices are correct and have been checked to the extent of 10% of the items of each invoice. The returnable copy of the Packing Accounts on receipt in the CDA's office will be paired with the original invoices and will be noted on the invoices number and date of Packing Account and corresponding CRVs and the Invoices Register will be completed and the Packing Account will be forwarded to the Officer landing the stores for transmission to U. K.

(ii) It will be seen in audit that the procedure prescribed in DAD OM Part-II (Paras 599 and 600) regarding Packing Accounts has been followed.

Customs Duty Charges

309. The detailed procedures are contained in Para 602 of DAD OM Part. II Volume- I. In

addition following points should also be seen:

- a) that all claims for refund of customs duty paid by book adjustment is preferred as expeditiously as possible and within six months from the date of clearance of the goods from the Customs House;
- b) that provisional advances drawn by the Embarkation Commandant for the purpose have been adjusted without delay. Cases outstanding for being adjusted should be collected for examination in Embarkation Headquarters

Sea Freight Bills

310. (i) The above bills are submitted by the Shipping Companies to the Embarkation Commandant at the Port of Discharge. The Embarkation Commandant will make an endorsement on the bill to the effect that the freight charges constitute the liability of the Defence Services Estimate and the claims are according to the prescribed rates as indicated in the bill of lading and forward the same to the CDA concerned for audit and payment. It should be seen in audit that the freight amount is correct on the basis of rates indicated on the bill of lading.

(ii) Rebate is permissible in respect of sea freight payments made at destination and in respect of prepaid sea freight cases as laid down in Ministry of Defence U.O. No.A/50165/IV/Q Mov Shipping/91 D(Mov) dated 23.4.77 and AHQ QMG's Br. letter No.24337/Q Mov/Shipping dated 20.5.85. It should be verified in audit whether such rebates where due had been claimed.

Air Freight Bills

311. (i) In respect of imported stores air lifted, air freight is paid out of provisional advance drawn for the purpose by the Embarkation Commandant. It should be seen in audit that the ex-post facto sanction for the payment of air freight has been received and the provisional payments have been adjusted without delay.

(ii) If the consignments received by air are not cleared within the stipulated period, warehousing charges from the date of landing become payable. It should be ensured in audit that the payments made on this account are regularised under the orders of the competent financial authority.

Port Dues

312. (i) Consignments received from abroad and landed at the ports are liable for levy of certain charges by the Port Trust. These charges include wharfage at ordinary rates, port labour dues etc. These port charges are met either from the deposits made to the Port Trust Authorities or from the provisional advances drawn by the Embarkation Commandant. In either case it should be seen that the payments made have been adjusted and that provisional advances are not outstanding for a long time without adjustment.

(ii) In the case of payment of extra wharfage charges paid for non-clearance of stores within the free period it should be regularised under orders of competent financial authority. The regularisation of such payments should be ensured in audit. It should also be examined whether the storage of stores beyond the free period, if so in any case was unavoidable. If not, who was responsible and the reasons for the delay in clearance have to be ascertained.

Central Purchase of Stores in India

313. (i) Payments for Defence Stores procured through DG S&D are paid to the Suppliers by the PAOs DGS&D at New Delhi, Mumbai, Kolkata and Chennai. The PAO, DGS&D closes the account on weekly basis. The DAD cell attached to the PAO will collect the vouchers from the PAO. The vouchers will be segregated Controller-wise with reference to the location of the Consignee Units. The vouchers will then be posted in a register maintained CDA-wise. The segregated vouchers will be scheduled to the Store Audit Section of the consignee CDA. The total value of all vouchers/scheduled to various Controllers is agreed with the amount shown in the weekly advice received from the PAO concerned.

(ii) Schedules/vouchers received from the DAD cell are scrutinised by the Store Audit Section and acknowledgement will be sent to the cell. The CDA will verify the compilation code head indicated on the voucher to ensure its correctness. The vouchers pertaining to units/formations including MES will be scheduled to LAOs/RAOs, UAs for credit verification of stores.

(iii) The duplicate copy of the advice along with copy of the punching medium will be received in Accounts Section and will be entered in the Settlement Account Register. The amount compiled to Suspense Head 0/020/82 will be relieved on receipt of clearance memos from the RBI, CAS, Nagpur.

Adjustment of Treasury Receipts

314. (i) Treasury receipts in respect of the following transactions are received in Store Audit Section:

- a) Hospital Stoppage Rolls in respect of non-entitled personnel admitted into Military Hospital.
- b) Recoveries made on account of losses of stores.
- c) Recoveries made on account of hire of Government transport for amenity purposes.
- d) Recoveries of hire charges for issue of Ordnance stores on hire.

(ii) It should be ensured in audit that there is no delay in realising Government dues.

Recovery of extra expenditure incurred by the Defence Services in connection with aid to Civil powers

315. (i) When troops are called out in aid of civil power during occasions like famine, earthquake, floods, strikes etc. statistics of extra expenditure and loss of revenue will be maintained by Store Audit Section. When a demand for aid is received by the Defence Authorities, Headquarters of Commands will allot a nickname to the aid and furnish the same to the CDA/PCDA concerned together with complete details of the nature of the aid. The Controllers will assess the expenditure in connection with a particular aid which is recoverable from the civil authorities concerned. The Regional Controller concerned will consolidate all the transactions relating to a particular aid which is rendered in their area and raise debits against the Accounts Officers concerned. CDA/PCDA will furnish to the CGDA a Quarterly Statement indicating the month's accounts through which recoveries have been effected from the parties concerned.

(ii) It should be seen in the audit that recoveries have been effected from the civil authorities concerned correctly and necessary adjustments have been made in the books. The

register maintained by the CDA/PCDA for the purpose should be verified in audit. The quarterly statements furnished to CGDA should also be examined.

Adjustment of claims for losses of stores in transit

316. (i) When a claim on the railway authorities for loss of stores in transit has been accepted, a copy of the acceptance letter indicating the total cost accepted is received from the consignees in the CDA's office. Debit for this amount will be raised against the Railway Accounts Officer concerned, duly supported by a copy of the acceptance letter and credit taken to the relevant store head of accounts. These adjustments should be scrutinised in audit.

(ii) In respect of imported stores, a copy of the claim on account of stores short landed/damaged will be received from the Embarkation Commandant by the CDA/PCDA for watching the progress of the claim. The amounts recovered from the shipping companies will be credited into Treasury on MROs. The treasury receipts for the amounts received by the CDA will be adjusted by him.

Financial Review of the Accounts of Military Farms

317. The LAO concerned will compile a critical review of the working of Military Farms and forward the same to the CDA/PCDA so as to reach him before 1st October each year. The CDA will send his report to the DFA concerned so as to reach him on or before 26th October endorsing copy to CGDA. The report *inter alia* deal with the following points:

- (i) Loss or profit on the year's working
- (ii) Variations in holding as depicted by the opening and closing balances
- (iii) Fluctuation in prices of commodities which have affected the years working
- (iv) Effect of indirect charges on the working of the establishment
- (v) Losses written off by CFA.

318. The Controller of Defence Accounts (Headquarters) New Delhi handles all work relating to payments of foreign contracts, including contracts entered into by the Department of Defence Supply and the work relating to London Account Current. Chapter 20 may also be referred to.

Procurement of Stores from abroad

319. Defence stores are procured from abroad by one or other of the following means:

- (i) by placing indents on DGISM London and DGISM Washington;
- (ii) by placing direct orders on firms abroad; and
- (iii) by concluding contracts with foreign government (at Government to Government level).

Stores procured against Indents placed on DGISM London/ Washington

320. DGISM on whom indents are placed, conclude contracts with or place supply orders on firms abroad after calling for tenders etc. There are also a few cases where stores and equipment are received from UK and other Governments direct as a result of negotiations on a Government to Government basis. Payments in respect of all these supplies are made by the Chief Accounts Officer, High Commission of India, London and Chief Accounts Officer, ISM Washington as the case may be, and are finally adjusted in UK/USA. The above

contracts/supply orders as well as payments made thereagainst are finally audited by the Director of Audit, Indian Accounts in UK/USA. Cases of procurement which call for detailed examination from the provisioning angle are referred by Director of Audit, Indian Accounts, UK/USA to the Director General of Audit, Defence Services. Audit by the department in these cases is limited to ensuring that all stores contracted for are received in good condition and are utilised properly.

Stores procured by placing direct orders on Firms abroad by Defence Indentors

321. Defence Indentors (eg. DGOF, HVF Avadi, MGO, Air HQrs, Naval Hqrs etc.) often place direct orders on firms abroad for specialised items of machinery, equipment and stores. In such cases where Director General ISM London/Washington are authorised to inspect the stores and payments are made by the Chief Accounts Officers concerned on authorisation from the Defence Authorities in India, the debits are passed on to the CDA concerned through the Inward London Account Current for audit and adjustment against the appropriate Heads of accounts of the Defence Services. The responsibility for the scrutiny of these contracts and audit of the payments adjusted under the relevant heads of account by the CDA devolves on audit authorities in India and the necessary audit checks are exercised by the Command Officers/ Branch Officers like any other Defence transaction.

Defence Stores Procured Under Contracts concluded at Government to Government level

322. (i) In certain cases, however, special contracts are concluded at Government to Government level by the Ministry of Defence mostly in respect of supplies of arms and ammunition and other military hardware. These contracts are concluded by negotiation and therefore the terms and conditions in these contracts are not alike. The terms vary depending on the nature of stores to be supplied and the country of their origin. These contracts fall broadly under two categories, viz.

- (a) contracts on deferred payment system and
- (b) contracts in respect of which payments are made as and when supplies are made.

(ii) (a) Under the "deferred payment" contracts generally a prescribed percentage (as stipulated in the contracts) is payable on the receipt of invoices from the suppliers. The balance amount is payable in annual or half yearly installments over a number of years as specified in the contract. In these contracts there is also stipulation of payment of interest at a specified percentage. In respect of these deferred payment contracts detailed instructions have been issued under Ministry of Defence No. F .14(15)/ 63/D (Budget) dated 28-10-63.

(b) In respect of contracts where payments are made as and when supplies are received an advance payment of 20% of the total value of stores is first made and remaining 80% of the value of stores shown in the invoice is payable as and when the invoices are received.

(iii) On the basis of authority issued by the Ministry of Defence payments for supplies made against these contracts are made, by the CDA (Headquarters) New Delhi.

(iv) The above types of contracts are scrutinised in Headquarters Office and instructions as necessary are issued to the Command Officer for verification of payment made by the CDA HQrs and for credit verification of stores.

323. The following audit procedure would be adopted:

(i) Copies of all contracts received in Controller's Office since last audit should be called for and generally scrutinised.

(ii) Payments made with reference to letter of authorisation by Government should be examined to ensure the correctness thereof. It should also be seen that payments are made on due dates as stipulated in the agreement and no extra expenditure is incurred for failure to make timely payment.

(iii) It should be seen that invoices are received in time, that there has been no delay in supply with reference to terms of contract and that any conditions relating to recovery of any specified percentage/amount for belated supplies, if any, have been properly implemented;

(iv) It should be seen that, prompt action had been taken by CDA to ensure credit verification of the stores through concerned LAOs/ Accounts Officers.

(v) Details of relevant contracts with description of stores supplied, consignee depots involved and such other relevant details necessary should be collected and forwarded to the concerned Command Officer / Branch Officer in whose audit area the receiving depots fall, for verification of the receipt and proper utilisation of the stores. Specific points of interest should be reported to Headquarters Office with full details for further examination in the Ministry.

Invoices in respect of Imported Stores

324. (i) The register of invoices maintained to record the receipt, disposal and final settlement of discrepancies and deficiencies should be generally scrutinised. It should also be seen that the calculations in the invoices are correct and have been checked to the extent of 10% of the items of each invoice.

(ii) In the case of stores purchased through India Supply Mission Washington also the checks contemplated in the Chapter should be effected.

(iii) In the case of stores obtained from UK through DGISM for which payments are made in UK, one copy of Invoice is received by CDA direct from DGISM London and particulars of these invoices are noted in the Register of UK Invoices maintained in Stores Section. The entries made in this Register are subsequently linked with corresponding Packing Accounts (returnable copy) received from LAOs. Particulars of selected transactions recorded in this Register will be extracted and sent to LTA Parties for direct verification of credits in the Consignees' Ledgers as envisaged in the relevant paras.

ANNEXURE 'A'

[Referred to in Paragraph 289 (vi)]

The form in which consolidated Reports on each class* of contracts given to other than lowest tenderer are to be sent by the Command Officers to the Director General of Audit.

Total Number of Contracts examined	Number of cases in which it was seen that contracts were given to higher tenderers	Number of cases in which audit considered that there was no sufficient reason for rejection of lowest tender	Percentage that figures in column 3 bears to that		
			In Column 1	In Column 2	
			1	2	
1	2	3	4	5	
(a) By DAD	X				
(b) By Test Audit	Y				
	----- X+Y	(Details as in column 1)		(Details as in column 1)	
Deduct the number of cases which is common to (a) and (b).....Z X+Y-Z				
Details of the cases mentioned in column 3 above					
Name of work	The rates quoted in accepted contracts	The rates quoted by lowest tenderer	Approximate extra cost where it can be calculated	Reasons for rejection of the tenders at column 3 which were advanced	Grounds on which DAD./ Test Audit is unable to accept the reasons in column 5
1	2	3	4	5	6
	1. M.E.S. Works 2. A.S.C. Suppliers	3. A.O.C. Supplies Local 4. Hired Transport Local 5. R&D		6. Factory Contracts 7. Miscellaneous	

CHAPTER 15

WORKS /ENGINEERING SECTION

General

325. (i) The items of work carried out and the various audit checks exercised by Works Section of the CDA/PCDA Office are contained in Defence Accounts Department Office Manual Part VIII. These can be broadly classified as under:

- (a) Scrutiny of Administrative Approval, TS, Contract Agreements, deviations and amendments thereto, Re-appropriation Statements of buildings, Demolition Statement etc.
- (b) Preparation of Annual Review of MES expenditure.
- (c) Scrutiny of Assignment Cash Books of MES and DEOs.
- (d) Adjustments pertaining to Sub – Audit Officers Accounts and adjustments of cost of stores issued to Engineer Units.
- (e) Receipt of Punching Media from the Accounts Section of MES formations.
- (f) Pre-Audit of final bills the gross value of which exceeds Rs. 2.5 lakh in respect of MES Works/Purchase and post audit in respect of bills of Rs. 2,50,000 and below.
- (g) (Authority : GOI, MOD No.36364/E-8/1334/9(W-II) dated 22.3.96)
- (h) Scrutiny of terminal compensation claims received from Defence Estates Organisation and MES.
- (i) Scrutiny of sanctions accorded by Directorate General Defence Estates.

(ii) However works pertaining to charges on account of payment of cost of maintenance of P.O.W cemeteries, adjustment of Departmental charges for work done in respect of Navy, Air Force, adjustment of annual contribution in regard to cantonment survey and allocation of expenditure between MES Head of account and Army Head of Account etc. are dealt with by CDA CC only.

326. The main items of work requiring special attention during the audit of works section are:

- (i) Scrutiny of Admin Approval and contracts leading thereto.
- (ii) Scrutiny of losses.
- (iii) Scrutiny of Registers of financial irregularities and the selected cases,
- (iv) Examination of adjustment of expenditure relating to works carried out by Civil Departments on behalf of MES.
- (v) Scrutiny of Provisional payment Register
- (vi) Examination of the
 - (a) Register of Admin Approval
 - (b) Register of Sanctions
 - (c) Register of Appropriations
- (vii) Check of statement of items under objection relating to
 - (a) Want of Admin Approval
 - (b) Excess expenditure over the Admin Approval
 - (c) Want of TS
 - (d) Want of agreements and non-conclusion of contracts
- (viii) Check of Annual Review of MES Expenditure
- (ix) Scrutiny of Arbitration proceedings of MES Contracts

- (x) Scrutiny of the classified account of the transactions relating to Civil Works executed by MES as a standing arrangement rendered by regional Controller to the Civil Accountant General.

Audit Procedure

327. Instructions contained in the Regulations of the Military Engineer Services, Defence Works Procedure, DAD QM Part VIII, Defence Account Code and E-in-C's standing orders should be studied carefully, before taking up the audit of the accounts of 'E' Section.

Annexure 'A', 'B', 'C' attached to this chapter may be referred to.

Administrative Approvals

328. (i) A general scrutiny of Admin Approvals accorded by various CFAs subordinate to Government of India should be carried out and any important points which require further examination in detail should be marked for local examination during the audit of the division which is executing the work.

(ii) The register of Admin Approvals should be examined and in respect of Admin Approvals selected for scrutiny it should be seen that:

- (a) in the case of special works, reasons for according Admin Approval are justifiable;
- (b) no special works introducing a new practice or change of scale is sanctioned;
- (c) specification of similar types of buildings, sanctioned for execution in the same area or zone, are identical by undertaking a comparison of the specifications in respect of such sanctions in the relevant AE Part II appended to each of the sanctions. Specifications actually adopted could also be compared in the respective contract agreements;
- (d) the plinth area rates prescribed by Government for construction of different types of accommodation/ buildings have been adopted correctly and the percentage for market variation added in the AE Part II to determine the estimated cost of various services (viz. Buildings, Water Supply, External Electrification, Sewage Disposal etc.) pertaining to the work does not vary with the percentage adopted for these services in the Admin approval for another work when sanctioned in the same year based on SSR for the same year and pertaining to the same area or zone.

(iii) In respect of minor works it should be seen that minor works in respect of same buildings are not sanctioned piecemeal, with a view to avoiding sanction thereof as a major work.

(iv) Sanction for re-appropriation to be scrutinised with a view to ensuring that re-appropriation involving expenditure is not resorted to in short spells in respect of some buildings or set of buildings and that amounts spent on re-appropriation is economical vis-a-vis cost of the building:

ID Schedules

329. (i) Settlement Accounts pertaining to works services which the Accounts Section could not send to any MES formation and those pertaining to engineer units and formations to which no Assistant Accounts Officers are attached are received in 'E' Section for adjustment according to para 94 of Defence Account Code (1967 Edition) if centrally

adjustable or forwarded to AAO Accounts Section of the MES Division as the case may be.

(ii) In addition to ID Schedules pertaining to Civil vouchers and accounts etc, 10 schedules pertaining to Defence Exchange Account sent to AAO Accounts Section of the concerned division are intimated to 'E' Section of the responding CDA The 'E' Section on receipt of the said intimation watches the clearance of the schedule,

(iii) In auditing the adjustment of 10 schedules it should be seen that:

- (a) the transaction pertains to authorised charges or represents bonafide credit;
- (b) the total amount of a schedule is invariably responded to in full;
- (c) in the case of part adjustment of schedule and rejection of the balance, full adjustment of schedule is responded to in the first instance and debit or credit as the case may be is initiated;
- (d) responses are not made to original items which have already been responded to;
- (e) the responses are afforded promptly and a particular item does not appear as outstanding in two consecutive outstanding lists sent out by the EDP Section.

Bills for hired land/acquisition of land

330. Bills for hired land /building, acquisition of land etc., should be scrutinised to see that the procedure enumerated in Ministry of Defence, New Delhi letter NO.201/228/ACQ/DLC/361-S/D (lands) dated 22.10.82 has been followed.

Bills for terminal compensation

331. It should be ensured that:-

(i) in the case where initial records of properties at the time these were taken over by Defence Department are not available, relevant information is obtained from the revenue records etc;

(ii) the compensation payable against each item has been assessed having regard to its condition at the time of taking over and when restored to owner;

(iii) the actual rates adopted for assessment of items compare favourably with those shown in Schedule of Prices plus percentage generally quoted in respect of MES works;

(iv) when any premises are derequisitioned, compensation for moving back to these premises was paid to the owner of the long term lease, where lease has survived the period of requisitioning.

Annual Review of MES expenditure

332. (i) Every year the Financial Adviser, Ministry of Finance (Defence) publishes in the Appropriation Accounts a review of the expenditure incurred by the MES. In order to enable FA to render such review each Regional CDA prepares the said review pertaining to their area. The review which will cover Army, Factory, Air Force, Navy Works expenditure would consist of the following statement.

Statement 'A'- Showing Major Work carried out during the year and explanation for variations between appropriations and expenditure of the year.

Statement 'B'- Showing original estimates and expenditure etc. and explanations for variations.

Statement 'C' - Expenditure placed under objection.

Statement 'D' - Irregularities in connection with contracts, the acceptance of

tenders etc. and excess expenditure owing to rates for works not having been kept to the minimum.

Statement 'E' - Rush of cash expenditure in March.

Statement 'F' - Miscellaneous irregularities of important nature such as losses, non-recovery of LF etc.

Statement 'G' - Statement showing actual working of the Standard Schedule of Rates.

Statement 'H' - Lapse of funds due to bad or no planning. In addition to the above statements, the following subsidiary statements are required to be submitted along with the review.

1. Statement showing working of quantitative system of stores accounting.
2. Operational Works.
3. List of cases of remission/Reduction of Departmental charges.

(ii) Cases noticed during scrutiny of these statement that require detailed examination locally should be got examined with a view to highlighting lapses / irregularities, if any.

(iii) These statement should be scrutinised and a report to Headquarters office is sent mentioning *inter alia* important points that might merit comment in the Report of the Comptroller & Auditor General of India, Union Government (Defence Services).

(iv) The register of financial irregularities should be scrutinised and cases which could merit detailed examination in the concerned MES divisions for being highlighted in the Report of the Comptroller & Auditor General of India, Union Government, (Defence Services) should be got examined.

Audit of Arbitration Cases

333. (i) Arbitration cases finalised since last audit should be scrutinised in detail to find out the delay, if any, in appointing arbitrator, finalising the claims or counter claims as the case may be of the department and the consequent delay, if any, in publishing the award. The reasons given by the Arbitrator for the admittance of the claim or counter claim of the contractor should also be thoroughly examined. If as a result of such examination any further examination is required, the point should be marked for examination during the audit of concerned CWE/GE.

(ii) While auditing the arbitration cases, the points referred to in paras 580 of chapter 29 should be borne in mind.

Annexure-A

Normal Powers of Engineer Officers to accept contracts are as under (Refer Table 'B' of MES Regn and Para 428, 746, 934)

Engineer-in-Chief	Full Powers
Chief Engineer	Full Powers
CWE	Rs. 50 lakhs
AEE in Charge of Indep Sub Div.	Rs. 2.5 lakhs
SDO/AEE/AE	Rs. 50,000/-

(Enhanced vide case No.95533/POL/E2 (PPC)1349/D(Works-11) MOD(F) UO No.288/W.II of 1999) (Printed in MES Precis No.1726 of DAD OM Part VIII)

Annexure-B
Types of Contracts in Common use in MES
[Referred to in para 327]

Types of Contract	Brief Description	Tender Form IAFW No.	General Conditions of Contract, IAFW No.	Remarks
(b)	(c)	(d)	(e)	(f)
1. Lumpsum Contract				
(a) Based on bills of	The contractor prices the detailed quantities furnished	2159	2249	Recommended for all CE's contracts, where surveyor

quantities.	by MES and the total is accepted as a lump-sum.			expertise is available. MES provide the contractor with bills of quantities. The contractor quotes his lumpsum by pricing the bills of quantities.
(b) Based on Schedule 'A' prepared by MES at par with the MES Schedule of rates.	The contractor works out and quotes his own lumpsum, and also quotes a percentage on/off the MES Schedule (by comparing his lumpsum with the prepricing inserted by MES). Same percentage is applicable for the purpose of pricing deviations.	2159	2249	Unit cost of various items of work are given in tenders as worked out by MES at SSR.
(c) Based on drawings and specifications.	The contractor works out his own estimates and quotes lumpsum against each item and the grand total is accepted as a lum-sum.	2159	2249	The contractor submits a lumpsum quotation for the work shown in the drawing and specifications attached to the tender documents.
(d) Sale of buildings for demolitions, removal and clearance of site.	The contractor quotes lump sum price for demolition work and credit for salvaged materials.	2352	2352	Used when reasonable bids are not secured for auction or reauction for sale of surplus buildings.
(e) Piece-work for specific job.	The contractor gives his quotation for the whole work.	1780-A (revised 1962)	1780-A (revised 1962)	Used when scope of work quantity and period for completion are known and the estimated value does to exceed Rs 10,000/- Useful for minor works, periodical services and for repairs to plant and machinery.
(f) For specialist consultancy services.	The consultant quotes for supplying the design, drawing specifications etc.			Use restricted to CE's formations with prior approval of E-in-C.
2. Measurement Contracts				
(a) Item rate contract	The contractor quotes his own rates for each item of work to be measured on completion. Schedule 'A' contains items with approximate quantities and specifications for each item.	1779-A	2249	Suitable where large quantities of work involving a small number of items have to be carried out but the exact quantities of work required are not known. The quantities of items inserted should be within 10% of the anticipated requirement.
(b) Term	A running contract usually for	1821	2249	Used for normal or ordinary

contract for artificer's work.	12 months duration where the contractor quotes a percentage on or off the MES Schedule of Rates.			repairs and minor works.
(c) Percentage rate contract.	The contractor quotes a percentage on or off the MES schedule for a certain work or group of works to be measured on completion and priced.(Auth: RMES 1968, Para 414)	1779	2249	Used under certain circumstances as an alternative to lumpsum form of contract for original works and maintenance services beyond the limits of the Term Contract (i) When there is difficulty in estimating the quantities correctly until the work has commenced. (ii) When it is considered imperative to commence work without delay which the preparation of a lumpsum contract involve. (iii) In order special cases when contractors capable of tendering on lump-sum basis are not available. (iv) Use of this type of contract by GE or CWE requires prior approval of Next Higher Engineer Authority.
(d) Rate contract for supply of materials or furniture, stores for DEL, petty stores for office use etc.	The contractor quotes his rates for each item of stores or furniture.	1815(R) (revised 1953)	1815 (Z)	The items of supply may be divided into groups and a separate contract concluded for each group. May be concluded for divisions, sub-divisions or stations separately, or collectively, and may be of six months or one year duration.
(e) Tender and contract for handling and/or conveyance of stores of any description.	The contractor quotes a percentage on on off the rates given in the schedule attached to the tender documents. This is a running contract usually for duration of six months.	2320 (revised 1958)	2320 (revised 1958)	For use by Engineer Parks and ESDs and also by GEs. This forms will be used for loading, unloading, removal, stacking, preservation, conveyance etc. of stores of any description.
(f) Piece-work	Fixed duration. Contractor quotes his rate for each item.	1780 (revised 1958)	1780 (revised 1958)	To be used when the exact quantities of work are not known. Total value of work

				not to exceed Rs. 5,000/-
(g) Agreement for appointment of auctioneers for disposal of surplus buildings.	An agreement made between Government and auctioneers who shall conduct the auction and Government shall pay the auctioneer's commission.	2353	2353	When surplus buildings are to be disposed off and the exact requirements are not known, this type of contract is entered into. As and when required the auctioneer is ordered to conduct an auction.

Annexure-C

[Concordance of Selected Paras of various M.E.S. books]

	SUBJECT	R.M.E.S.	U.A.M.	M.E.S. L.A.M.	O.M. VIII	D.W.P.
'A'						
1.	Abandonment of work savings should not be utilised towards unauthorised object	-	105(e)	-	-	-

2.	Abandonment of work due to defective design etc., loss statement should be prepared	607	319	120	63(II) Last para	-
3.	Abstract of Receipt & Charges	-	101 & 102	-	101	-
4.	Acquisitio of land Amounts drawn by DEO	-	(Note) Under 333	-	(Note)under 63(vi)	
5.	Acceptance of Contract Agreement(For powers of Acceptance see Table 'B'/ Page No.285-292) of RMES	417-432	74	20 24(ii)	-	
6.	Accommodation-Scale	323-326	182	171		
7.	Acceptance of Necessity etc.	127(a)	34(a)			7(i) & 17
8.	Acceptance of Necessity (Power)	127 Table A Page 277-280				15 & Table Page 18
9.	Accounts-Construction	521,531-533, 563 Appx- L Page 402-404	103-110			
10.	Addition/Alterations to Military Buildings at Private Expense-No	215-216				
11.	Adjustment of Electric/Water Charges	-	186-190			
12.	Adjustment of Value of Stores received.	-	242			
13.	Adjustment of : Transfer Transaction	-			69	
14.	Audit of Administrative Approval & Tech. Sanction Validity Period	127, 128, 129, 138, 142, 207	45, 49, 53		9, 10, 11	7, 9, 10, 20
15.	Administrative Control	127				13 & 14
16.	Administrative Approval Exception of urgent Military necessity, Medical grounds	14	36			11
17.	Advance to Contractors (RAR)	479, 481-485, 279-281	121(h)		63(xviii)	
18.	Advance to Contractors entered in Contractor's Ledgers	491, 492	294 & 295			
19.	Advance & Deposits	280, 281	336	156		
20.	Advertisement to contract of over 5 lakes	417			24(xxv)	
21.	Appropriation & Re-appropriation	184, 185, 187, 189 to 192	59 to 63	68 & 118	16	

22.	Approximate Estimate	331				19
23.	Attachment Order against contractors	486 & 487	Note 3 under 296		135	
24.	Allotment of married accommodation to officers below 25 years age.		181(ii)			
25.	Allotment of accommodation Recovery of licence fee		181(iii)	170(i)		
26.	Allotment of accommodation to Contractors		182(c)	171(c)		
27.	Alteration in Standard Form	393	70			
28.	Amendments to contract	440-442	87 to 91	103	27-32	
29.	Amendment having a considerable financial value to contract.		77(d)		29	
30.	Amendment to capital cost of buildings	228, 321, 684				Exception (a) & (b) under para 8 (g)
31.	Annual Review of MES Expenditure				127 to 131	
32.	Audit of bills of Contractors		120 & 121		62	
33.	Audit of Final Bills of Contractors (IN MAIN OFFICE)				Annx 'B' page 94-98	
34.	Annual Return of MES Installation			130 to 132		
35.	Annual Furniture Return		334			
36.	Appointment temporary/casual personnel	88-89				
37.	Appeals and Representations		14			
38.	Appropriation Register and objection thereon	187	59, 63		14, 15, 112	
39.	Arbitration Award	474	138 (xv)		63(ii)	
40.	Authorised work	122(a)				14(a)
41.	Army Child Welfare Centre-Use of Building			Note below 170(iv)		
42.	Assignment-Cash	535			55	36
43.	Audit of Bills	471, 472, 569-571	120, 121	96, 97, 99	62	
44.	Annual occupation return		185	175(c)		
45.	Abstract of Construction	531, 532	104			

	Account					
46.	Assignment/Imprest check of	543, 544	148	39, 40	55, 64	36
47.	Allotment of Quarters Review of		210	83		
48.	Allotment of Accommodation (Rent Free)		181(vii)	170(ii)		
'B'						
49.	Barrack damages	633-635, 715	331	108	62(xviii)	
50.	Batteries-Charging of	Para 14 of Appx 'O' Page 415				
51.	Bill-payment to contractor	460 to 477	119 to 121		62	
52.	Bills industrial & Non Industrial Establishment		127	96		
53.	Bills of Quantities	406, 408	121(f)		26(ii)(b)	
54.	Bills of cost of maintenance of POW cemeteries				63(xviii)	
55.	Bills-kinds of		117			
56.	Bills under Protest				63(i)	
57.	Bills objection & working sheets	569-570,471	25, 139		48, 62, 63	
58.	Bills-Check of		118, 120, 121	97	62, 63	
59.	Bills of Quantity & Schedules of errors	406, 408 & 430	73		26(ii)(b)	
60.	Bills for Bicycles for MES Offices	118		232(f)	63(xiii)	
61.	Bill Register		114	50		
62.	Bills-Work charged Establishment		127-129	57		
63.	Bills-Terminal Compensation		130		63(xx)	
64.	Bills Purchase of Stationary/Printing	115			63(xiv)(AI 116/65 & AI 44 of 1976)	
65.	Bills for Rates and Taxes	643, 644			63(xii)	
66.	Bills for Demolition of Buildings				63(viii)	
67.	Bills for spare parts & Machinery				63(v)	
68.	Bills for hired Buildings	642, 643, 645	118		63(xi)	
69.	Bills for purchase of	132			63(vii)	

	Buildings					
70.	Bills for hiring of lands	132, 614, 616			63(vi)	
71.	Bills for Purchase of MES vehicle				63(xix)	
72.	Bills of hired Transport	359	328		63(iii)	
73.	Bills Completion Report		119			
74.	Bills for Supply of Stores				63(iv)	
75.	Book value of each Building taken separately					Note (b) under Para 15A(a)
76.	Bonus or compensation to contractor	477				
77.	Books and Periodicals purchasing power	Note 8 of Table B Page 291	138(ix)			
78.	Building occupied prior to completion	684				
‘C’						
79.	Capital Cost -Amendments to	228	Note Under Para 308			Exceptions under Para 8
80.	Cash Book	543, 544	147, 151-154			
81.	Cash Receipt	714 to 718				
82.	Casual Labour Roll	549				
83.	Casual Personnel	89				
84.	Cash Assignments	535	147-151		55	
85.	Cash Assignment-Verification of Imprest	537-539	147			
86.	Child Welfare Centre-Building used as			Note under 170(iv)		
87.	Cinema – Insurance	637		177(x)	26(x)	
88.	Civilian Labour-Directly employed (DEL)	341-345				
89.	Cheques to MES by PCDA/CDA	7, 542, 569	164, 165 Note 1 under Para 102			
90.	Cheques to Contractor	574	Note under Para 153			
91.	Charged Expenditure	474, 475	138(xv)(ii)		63(ii) & Page 141-167	
92.	Completion Certificate	375 & 469(f)				

93.	Completion Report	379	287, 291			35
94.	Completion Cost		280-282			
95.	Condonation of over issue of stores	451	121(iii) (a)		62(xxii)(c)	
96.	Completion Report Procedure	379	287, 292			35
97.	Completion Report-Furniture		288			
98.	Compensation of Liquidated Damages		494		62(xix) & (xxi)	
99.	Compensation out side the term of contract	477				
100.	Compensation on acquisition of hired land				Note under 63(vi)	
101.	Competent Engineer Authority	201-208 & Table B page 285-292				Para 26-28 & Page 129
102.	Consumer' Ledger	682	175	243		
103.	Contingent Charges	114, 538	138	49,107		
104.	Cost of Advertisement debitable to work	417				
105.	Contracts-Types of	403-414, 393	74		26	
106.	Contract to unregistered Contractor	419				
107.	Contractor's Bill	478,465	121		62	
108.	Contract documents check by AAOGE(UA) before sending to PCDA/CDA		75 to 81			
109.	Consultation with PCDA/ CDA before conclusion of Contract-Types of	426	77		24(xvii)	
110.	Contract Agreement-Transmission to PCDA/ CDA	429	85		23	
111.	Contract-Scrutiny of (In Main Office)				Annx 'A' Page 92-94	
112.	Construction Accounts: Verification of Correctness by AAOGE(UA)	531-533	103-105	66-67		
113.	Construction Accounts	521, 531, 532, 563, 565, 485, 378, 527, 528	98, 103, 105	66, 67, 109		

114.	♥ Contractor's Ledger	485, 491, 493	294 to 299	139 to 143		
115.	Cost plus Contract or Departure from Procedure	432			24(xvi)	32(b)
116.	Consumer Ledger	682(d) (e) & (f)				
117.	Court Attachment	486, 487	Note 3 under 296		135	
118.	Contracts-Amendment	440, 441, 442	87, 88		30	
119.	Contract-Lump Sum	403(a), 404-408	121(g)		26(ii)	
120.	Contract-without calling for tender (single tender)	432	76, 77		24(xvi) (xvii)	32
121.	Contract-Measurement	414, 403 (b), 370			26(iii)	
122.	Contract by G. of I & E-in-C not auditable by the DAD				21	
123.	Contracts for other than the lowest tender	426	77(b)		24(xvii) (b)	
124.	Costed Schedule	202-208			26	
'D'						
125.	Deffective Storage			81		
126.	Deficiency in Stores Received	752 & 753	241	221		
127.	Delay in recovery from Contractors				53	
128.	Delegation of powers to DCEs by CE in full	Note 4 of Table B Page 291				Note 4 of Table B Page 135
129.	Demand Register	233, 234			52	
130.	Demand Register & bills for	161, 162, 171, 172, 828			11, 143 & Note under 63(viii)	15(a) (a) and Note there under
131.	Demolition Certificate	172				Note (d) under para 15-A
132.	Demolition Statement	161	120(16)		62(xvi)	15-A(a)
133.	Departmental Charges- Levied by MES-adjustment of	559, 566				
134.	Departmental Charges-					

♥ Note for the Feaders: Please also see Para 173 of MES standing orders (Printed at page No. 151- in LALL's COMPILATION on MES Local Audit Manual)

	Levied by other departments-adjustment of	560				
135.	Departmental Charges -On Agency Services	302, 310 Table H Page 304-306				
136.	Departmental Charges - On Deposit Works	310-312 Table H Page 304-306				
137.	Departmental Charges -On works for Navy, Air Force, Farms and Factories	214, 559 Table H Page 304-306				
138.	Departmental Charges -Reduction/Remission	312				
139.	Departmental Charges -Works exempted from the levy of	Table H Page 304-306				
140.	Departmental Charges -Rates for	Table H Page 304-306				
141.	Deposit Account	581-585				
142.	Deposit Works - Accounting procedure	563-567				
143.	Deposit Works -Departmental charges	310-313 Table H Page 304-306				
144.	Deposit Works -Execution of	4, 305-309				
145.	Deposit Works - Law Charges	307				
146.	Deposit Works -Powers to authorise execution of	306				
147.	Deposit Register	582, 583	336	155, 156		
148.	Deviation Order-Scrutiny	364, 365, 435-438	91		30(v), 32	
149.	Difference between Deposit received and Expenditure	567				
150.	Discrepancy in Construction Accounts and Compiled Actual		100			
151.	Dissimilar items-Losses of		325			
152.	Divisional Stock	726-729, 760, 763-766, 792 & 793	233, 234	222,223		
153.	Double payment-Safe-guard Against				47	
154.	Draft paras				139	
155.	Duties of AAOGE (UAGE)	64	22,23 & 25	Page 141		

156.	Disagreement between AAOGE(UA)& MES officer		25			
157.	Disagreement between Barrack / Store Officer and his AAO regarding quarters		183			
158.	Disposal of Usufructs	688	176	73		
‘E’						
159.	Earnest Money and Security Deposit	497 to 510	82 & 83		34-36	
160.	Elec. & Mec. Installations			240		
161.	Electric Energy Supplied to paying consumer for power purposes			181		
162.	Electricity and Water-Levy of Charges	Appx. ‘O’ Page 412	186, 189, 190-193	178-182		
163.	E/M-Renewals	259, 260, 905 & 906				
164.	Employment of Labour	341				
165.	Endorsement by contractor in other’s favour not permissible				62(xi)	
166.	Enforced Recovery from contractors from Security Deposit				37	
167.	Enhanced contract Rates-DUE to Amendments	440, 442	88		30(ii)	
168.	Engineer Parks	724, 758, 792, 801	219, 325			
169.	Engineer Appreciation	148				17
170.	Excesses and Savings	193-196				30
171.	Ex-gratia payment	477			63(ii)	
172.	Expense Vouchers		317	162(iv)		
173.	Expense Stores	779, 780				
174.	Expenditure Sheet		279			
175.	Estimates on Requisition	208				27
176.	Expenditure Return	532	110		148	
177.	Exemption from Earnest Money	502	82(d)		34(d)	
178.	Expenditure-Watch of				17	
179.	Expenditure-Under Objection				107	
180.	Extension of time				30(v)	
181.	Expenditure on deposit work	279		155(iv)		

	in excess of amount Deposit					
182.	Expenditure Return	532	110		148	
183.	Expenditure sheet- Workshop		279	191		
‘F’						
184.	Fictitious Adjustment		235	150		
185.	Final bill-Post/Pre-audit	571, 573	118, 121, 119		58, 61	
186.	Final bill-Under Protest/ Reservation	475	88		63(i)	
187.	Final Bill-Audit in Main Office				Annex ‘B’ Page 94-98	
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CHAPTER 16

FINANCIAL ADVICE SECTION

334. Objectives

Objectives of Financial Advice Section are:

- i) To assist Admin. and Executive authorities in improving the financial

administration of the units and formations under their Command.

- ii) To ensure that financial and other resources placed at the disposal of the Admin. & Executive authorities are utilised in the best interests of state.
- iii) To evolve methods to increase the cost effectiveness of the expenditure incurred by Admin. and Executive authorities.
- iv) To keep the Admin. and Executive authorised and CGDA informed periodically of the General State of Financial Management.

335. Duties

Financial Advice Section deals with:

- i) Receipts, examination and circulation of Government letters, etc., in respect of matters affecting local audit of stores accounts or others checks carried out by Local Audit Officers.
- ii) Examination of defence expenditure with a view to exploring ways and means of achieving economy where practicable.
- iii) Examination of important points meriting investigation for financial advice purposes received from L.A.Os./R.A.Os. and audit section of the main office.
- iv) Examination of sanctions to expenditure by competent financial authorities lower than the Armed Forces Headquarters in the exercise of the financial powers conferred on them.
- v) Continuous examination and review of the organisation of Controller's own office and the work conducted in the several sections and by the local audit staff.
- vi) Tendering financial advice to the local administrative authorities and rendition of quarterly report to the CGDA showing items of financial advice and higher audit tendered.
- vii) Disposal of special reports and outstanding objection of units and formation moving out of command or disbanded.
- viii) Local Test Audit reports.
- ix) Draft paras of local audit interest received from the D.A.D.S., for incorporation in the Audit Report, Defence Services.
- x) Consolidation and editing of the quarterly report on the Major Financial and Accounting Irregularities
- xi) Consolidation and rendition to the C.G.D.A. of the annual audit certificate.
- xii) Audit including higher audit of loss statements and preparation of statement of losses for inclusion in the Appropriation Accounts under para 547 of Defence Audit Code.
- xiii) Reference from L.A.Os./R.A.Os. on audit and procedural matters.
- xiv) Tour notes and Reviewing Officer's reports.
- xv) Audit Inspection Reports, Audit Notes and the Consolidated annual accounts of Cantt. Boards.
- xvi) Editing and submission of half yearly Internal Audit Reports to HQ

office.

336. Although the Section is not specifically provided for audit in the C.T.A. Programme, the reports received from this Section are subjected to scrutiny in the main office of the Command Offices as indicated below:

(i) The Quarterly Report showing items of financial advice and higher audit tendered and accepted by the Administrative authorities submitted to C.G.D.A should be obtained and relevant case files studied.

(ii) **Quarterly Reports on Major Financial and Accounting Irregularities.**

(a) The procedure and types of irregularities are contained in Para-666 of DAD OM Part II Vol - I revised edition 2001. These should be seen during audit.

(b) The quarterly reports will be rendered in two parts. Part-I is for indicating fresh irregularities and Part-II for irregularities reported previously but still remaining outstanding. Both the parts will be divided into two sections viz. sections 'A' & 'B'. Section 'A' is for indicating cash irregularities and Section 'B' for stores irregularities.

(c) Full particulars of the action already taken at Headquarters Commands or by the CDA/PCDA and the nature of action suggested for consideration at CGDA's level would also be indicated in the report.

(d) These reports when received from CDA/PCDA should be scrutinised as indicated in para 43 (ix) of Chapter 4 of part 'A' with a view to have a proper appreciation of the specific nature of the irregularity, the degree of seriousness, the amount involved, the precise point at which the failure is revealed and reference to the relevant rules and orders etc. It should be seen with reference to the register of financial irregularities whether defects already pointed out in previous years continue to persist. Half yearly reports of the review carried out on the above should be sent to the Director General of Audit. Cases requiring detailed examination should be extracted to local test audit parties for necessary action and report for highlighting such of those cases that may merit mention in the Report of the C&AG of India Union Government Defence Services.

(iii) **Exhibition of Losses in the Appropriation Accounts**

(a) In order to enable the Controllers of Defence Accounts to offer useful comments and advice at the appropriate time, units/formations of the Defence Services are to report immediately, as they are detected, financial irregularities including all losses of public money and stores due to theft, fraud or neglect and due to other causes and loss of immovable property due to flood, earthquake or other natural calamities in accordance with AI 116/63. A copy of the report received by the Controllers in respect of loss of monetary value exceeding Rs.25000/- is to be endorsed by the CDA/PCDA to the Command Officer concerned.

(b) Losses of cash, overpayments etc. written off by the Government of India and other competent financial authorities and claims abandoned as irrecoverable and finally dealt with during the year are shown in Appendix 'A' to the Appropriation Accounts of the Defence Services as shown below:

1. Cash losses, overpayments, irrecoverable claims etc. due to theft, fraud or neglect:
 - A Details of losses etc. exceeding Rs. 25,000/- in each case.
 - B. Aggregate of all losses etc. exceeding Rs.50/- but not exceeding Rs. 25000/- in each case.
2. Cash losses, overpayments, irrecoverable claims etc. due to other causes:
 - A Details of losses etc. exceeding Rs. 50,000/- in each case.
 - B. Aggregate of all losses etc. exceeding Rs.50/- but not exceeding Rs.50,000/- in each case.
3. Details of the following types of losses written off are reflected in the Appendix 'B' of the Appropriation Accounts.
 - A. All store losses due to theft fraud & gross neglect exceeding Rs 75000/-.
 - B. All store losses due to other causes exceeding Rs. 2 lakhs.

(c) In respect of all losses of cash etc. written off by Government of India or lower authorities, statistics will be maintained by the CDA/PCDA and LAOs/RAOs. From the register maintained, details of important losses will be prepared quarterly by the LAO/RAO and various Audit Sections in Controllers' office and the same will be submitted to FA section for submission of the same to CGDA through the local representative of DGADS.

(iv) **Annual Audit Certificate**

(a) This is a certificate submitted by the Controllers of Defence Accounts to the C.G.D.A. annually as laid down in Paras 540 to 546 of Defence Audit Code. The Controller's Certificate for a year would embrace all the expenditure contained in the Accounts of that year and would also depict as a whole the correct results of internal audit conducted by the Defence Accounts Department vis-a-vis the entire field of Defence expenditure. Cases in which ex-post facto sanction of the Government of India has been refused for any item or items of expenditure already incurred and any special features or major changes introduced during the period covered by the certificate will be included in the body of the certificate. In respect of items of unauthorised expenditure or irregular issue of stores etc., if any, for which Government sanction is awaited and the audit certificate in respect thereof cannot consequently be given, a statement should be appended to the certificate giving full particulars of all such items, the head of account in which they are included, the precise circumstances in which the expenditure was incurred or the stores were issued prior to the receipt of Government sanction etc. Cases of serious irregularities detected in internal audit will be listed in a separate annexure to the Annual Audit Certificate. The Annual Audit Certificate should be scrutinised as indicated in Para 43 (xi) of Chapter 4 Part A of this Manual.

(b) The register maintained in each Audit Section of Controller's Office showing items placed under objection and subsequent progress of the objection with the notes or the final orders issued should be obtained and scrutinised, while auditing the Annual Audit Certificate. It should be seen that the Annual Audit Certificate has been prepared as per procedure outlined in Paras 672 to 682 of DAD OM Part - II Volume- I and Paras 540 to 546 of Defence Audit Code.

(c) Cases which require further examination in the units/ formations should be extracted and forwarded to the LTA Parties for examination during local audit of such units / formations. The follow up reports showing the progress of cases included in the Annual Audit Certificate also should be scrutinised on receipt with a view to ascertaining the settlement or otherwise of the items of expenditure which require sanction of the Government

of India.

(d) The Annual Audit Certificate with necessary audit comments will then be forwarded to the Director General of Audit, Defence Services.

Annexure 'A'

Instructions for the Guidance of IDAS Officers sent out for Review of Local Audit and Inspection work carried out by LAOs/RAOs and Inspection of LAOs/RAQs/MOs(GE)/ALAOs Offices

Purpose of Review

1. The essential purpose of the visits by IDAS Officers to units and formations and to LAOs/RAOs offices is to review the local audit and inspection of work done by the LAOs/RAOs and to ensure thereby that the duties entrusted to the LAOs/RAOs and their staff are being carried out correctly, efficiently and intelligently. These visits, apart from bringing to notice any shortcomings or failures on the part of the LAOs/RAOs are also intended as a normal check and as a stimulant to their work.

2. These 'Super-review' visits also serve the secondary purpose of establishing

liaison and proper understanding between the Army (including MES) authorities and the Defence Accounts Department. The IDAS officer going out on review will come in personal contact with Army (including MES) authorities at various levels and should take full advantage of such opportunities not only for consultation and discussion but also to promote mutual good-will. In many cases the lower Army (including MES) authorities rarely come across any representative of the Department above the rank of a Senior Accounts Officer and it should, therefore, be borne in mind that the IDAS Officer on tour serves as a necessary corrective in such cases. Further these visits should be utilised for the settlement of objections or disputed points requiring personal discussion as well as for rendering financial advice and bringing up suggestions for economy in expenditure or for improvement in the system of accounting and audit.

II Programmes

3. Principal Controllers/Controllers will arrange to send out for this work periodically a senior IDAS officer serving in the Main Office. Officers will not be sent for this purpose as a matter of course or as a regular routine at any fixed intervals, and the frequency with which they can be sent out will have to be determined with reference to the available strength of senior IDAS Officers and the available tour grant as well as by any relevant information relating to the state of accounts etc. in any particular area coming to notice of the Controllers. Ordinarily, however, the programmes should be so arranged that the accounts of typical units and formations (including MES) in the area of each Local Audit Officer/Regional Audit Officer come up for review once a year or so. An IDAS officer will not be sent out on review work for more than three weeks at a stretch.

4. Programmes of review work will be drawn up in advance and communicated to the Area/Sub-Area HQrs, C.E., C.W.E. and the LAOs/RAOs concerned about ten days before the tour is timed to commence, copies being sent also for the information of the Os.C., Units and formations and the Garrison Engineer, as the case may be, to be visited.

5. The IDAS Officer selected for the purpose will, before proceeding on tour, see the Controller personally who may, where necessary, suitably brief him as to the particular points or aspects of audit which need special attention.

6. Group and ACDA-in-Charge/Senior Accounts Officers/ Accounts Officers in the Main Office will arrange to inform the IDAS Officer conducting the review shortly before his tour commences, of any important outstanding objections which may be profitably discussed at his level or other important points requiring settlement that might with advantage looked into by him at the station(s) to be visited. The reviewing officer will also study the relevant Test Audit Objection statements and review reports of the LAOs/RAOs to get a 'feel' of the Accounts of the units or MES formation.

7. Minor variations in the tour programme may, where necessary, be made by the reviewing officer himself subject to approval of the Controller. Where, however, this involves extension of the total period of absence or any significant omission in the approved programme, prior concurrence of the Controller should be obtained telegraphically or otherwise.

8. Ordinarily, a clerk only will be taken by the Reviewing Officer for clerical assistance and to record facts. In special circumstances or where the pressure on the time of the reviewing officer is likely to be too heavy or if the nature of accounts to be examined so warrants, Controllers may at their discretion allow a Assistant Accounts Officer/Section Officer (Accounts) to accompany the reviewing officer and to render him such assistance in

detailed checking or other investigation as may be found necessary. It is, however, to be clearly understood that even when a portion of check is actually exercised by the Assistant Accounts Officer/Section Officer (Accounts)/Clerk, the Reviewing Officer will have to assume the full responsibility for the accuracy of facts or views included in his review report.

III - Nature and Scope of Reviewing Officer's Duties.

9. On arrival at a Station, the Reviewing Officer will call on the highest Local Military Commander (and the O.C. Station if he is a different officer)/the Chief Engineer/CWE if stationed. He will explain the purpose of his visit and endeavour tactfully to ascertain the general feeling of the Administration Authorities regarding the efficiency and the utility of the Local Audit Organisation in their area and their reactions in general to the procedure and methods employed by the LAO/RAO and his staff. Any items requiring discussion at this level will be brought up for settlement and the result recorded.

10. Should any important matter be disclosed or brought up by the Military Commander/Chief Engineer/CWE at this interview requiring urgent attention of the main office, it will be communicated to the main office at once preferably by a D.O. addressed to the appropriate officer.

11. The reviewing officer will then proceed to inspect the office of the Local Audit Officer or Regional Audit Officer or the ALAO/(AAO.(G.E.) where such offices exist at the station visited by him. He will first inspect the general arrangement of the office e.g. as regards cleanliness, tidiness, state of furnitures, lighting, fire precautions etc. He will then scrutinise the list of registers, documents, accounts etc. that the LAO/RAO or ALAO or AAO(G.E.) is required to inspect or audit periodically in each unit/formation in his area and to see that (i) the list is properly maintained and kept up-to-date, (ii) the list and any audit instructions in respect of special formations are properly handed over to his successor officers in the event of an LAO/RAO/ALAO/AAO(G.E) being transferred or proceeding on leave;

12. He will look into the position of outstanding objections and see if satisfactory and timely action for their settlement is being taken. He will take note of any outstanding objections requiring personal discussion with the O.C. or Garrison Engineer concerned. He will also examine a few objection statements and observe the nature of objection raised. He will particularly see whether unnecessary or petty objections are being raised and will investigate the reasons in any case where an abnormally large number of objections are being raised.

13. He will scrutinise the system of store vouchers as regards their receipt, recording, linking; scheduling and adjustment. He will next examine the various registers including the attendance register required to be maintained. He will also critically examine the position of unlinked vouchers. He will ascertain if the work of local audit in the area is current and, if not, the reasons therefor. The Reviewing Officer will also satisfy himself from the LAOs/RAOs selection orders, linked vouchers, jackets, audit enfacements etc. that the LAO/RAO has been using his discretion in the selection of accounts for detailed audit and for test check in the best interest of the State. He will bear this point in mind also during his review of the accounts of the various units.

14. Having completed the inspection of the Local Audit Office/Regional Audit Office, the reviewing officer will proceed to visit the units and formations whose accounts are to be examined by him. He should see the O.C. of the Unit/Garrison Engineer personally both before commencement of the review and after its completion. In carrying out the review

of Local Audit and Inspection work he must bear in mind the distinction between audit and review of the audit. The immediate object of his review is to find out whether the local audit and inspection by the LAO/RAO and his staff has been carried out conscientiously and effectively, to bring to light any serious defects in that work, and to take necessary steps to have such defects removed. In the limited time at his disposal, this can best be done by a preliminary survey and an intelligent appraisal on very broad lines, making use of the background acquired by his previous scrutiny of relevant Test Audit objection statements and LAOs/RAOs' review reports. Thereafter, a judicious sampling or test check of selected accounts should be undertaken together with such enquiries as may suggest themselves on the spot in each case. The exact method in which this should be done or the accounts selected for sampling is left entirely to his discretion but since he is testing the quality of local audit already conducted, it will be necessary for the Reviewing Officer to carry out re-audit of a portion of audit already conducted by the LAO/RAO and his staff. For an effective re-audit the officer should start from the primary documents and work through the various processes up to the final accounting stage.

15. In conducting the 'Super-review' he will look out not only for important omissions or defects in the technique and conducting of local audit but also see that the objection actually raised in local audit reflects a fair and reasonable appraisal of the state of accounts, and that in framing the objections there has been no distortion of facts or of emphasis. If minor mistakes, discrepancies etc. come to notice during his review these should be rectified on the spot, or if that is not readily possible the units or formations should be asked to do so, such rectifications/corrections to be checked by the LAOs/RAOs staff in due course during their next visit. In such case the principle to be followed is not to worry about minor errors or irregularities except to the extent they disclose defects in system or indicate lack of supervision. He would aid at discovering any serious failure in local audit as well as any notable faults in the system of accounts or in the technique of audit so that these do not recur elsewhere. In some cases a dogged pursuit of a particular line of enquiry may lead to the discovery of important defects or even fraud or misappropriation and a watchful and alert audit sense applied intelligently will help the reviewing officer in sensing such situations.

16. The Reviewing officer will see that all accounts, registers, etc., required to be audited/inspected by the LAO/RAO and his staff have been subjected to audit objection and so enforced.

17. While the routine sampling of accounts or other investigations on broad lines carried out by the Reviewing Officer are useful in testing the caliber and efficiency of the audit conducted, any positive outcome of the review will lie primarily in the reviewing officer's ability to spot fields of activity involving wastage or in which there is room for economy or for sealing up leakage and in finding out loop holes in the accounting system even though no violation of existing rules and regulations may have occurred. The Reviewing Officer should, therefore, in the course of his review, keep a watchful eye for possible items of financial advice, vide para 73 etc. Defence Audit Code being guided also by his knowledge of the important activities of the unit or formation and the main directions in which expenditure incurred. Points of financial advice of higher audit may also suggest themselves during the discussion with the LAO/RAO of the OC/Garrison Engineer and other officers. *Inter alia* he should satisfy himself that the following duties are carried out intelligently and in a regular manner by the LAO/RAO and the results obtained are properly utilised:

- 1) Examination of issues of stores drawn on an 'as required' basis e.g. coal

and firewood in hospitals to see that the expenditure is not extravagant and that indenting officers keep the interest of the State in view.

- 2) Check of balances of stores on hand against authorised proportions.
- 3) Comparison of under-drawals of rations etc. in units of the same type and exploring the cause of variations.
- 4) Ensuring that the system of accounting is that prescribed and that no unauthorised formation's or no spurious system of accounting is established, e.g. a ration stand may not assume the functions of a supply depot and undertake an abnormal system of account thereby misuse the ration returns, etc. for any nefarious purpose.
- 5) Comparison of the average daily cost of diets in various hospitals of the same type, and if possible with the cost in the civil hospitals in the same stations.'
- 6) Scrutiny of items of expenditure from contract allowance to ensure that there is no accumulation of unspent balance and to see whether the allowances are capable of being reduced.

18. In case of MES formations he will inter-alia see the following:

- 1) **Cash Accounts:** The Cash Book is properly maintained and the posting is not in arrears. No payments are made out of cash assignment, which are required to be made by C.DA by cheque after pre-aduit. The cash book has been closed monthly on due date and balances reconciled. The original cash vouchers have been regularly sent to CDA or properly retained by the AAO(GE), as the case may be. There is no obvious lacuna for leakage of the revenue. Where labour is employed on Muster Rolls quite often, sufficient reasons exist to justify such employment and unduly large amounts of wages do not remain unpaid for long period. Examine the employment of casual labour to find out whether the number employed is proportionate to work load. The bills are dealt with by the AAO(GE) on 'first-in-first-out' basis. If the expenditure during March has been unusually heavy, no questionable transactions have taken place.
- 2) **Contract** - Wherever possible, contracts of an unusual nature or on single tender basis have not been accepted without the advice of CDA. The contractor's ledger has been properly maintained and USRs (IAFW-1825) and all other recoveries have been promptly posted therein. There is no undue delay in the submission of final bills after completion of works.
- 3) **Security Deposits** - Individuals in charge of cash and stores have given securities. If exempted, necessary authority for exemption exists.
- 4) **Construction Accounts** - The construction accounts have been properly and correctly maintained, posted up-to-date and reconciled monthly by the AAO(GE) with the financial accounts and that the completion reports have been promptly sent by G.E. on completion of work. In case where construction accounts have not been posted for quite some time and which are unnecessarily kept open, AAO (GE) has raised an observation and pursued it to finality. In case of deposit, works advance payments have been received and also departmental charges are promptly adjusted.

- 5) **Stores** - The stores accounts both for Div. stock and stores-in-hand ledger have been properly maintained. Project stores are not un-necessarily accumulated. Any surpluses arising have been disposed of expeditiously according to the prescribed procedure. The materials register and material accounts have been maintained. Any over/under issue of stores to contractors has been regularised. Stock-taking is regularly carried out. Local purchases of stores have been made judiciously by the G.E. after calling for quotations and within the powers delegated to him. The priced stores list is maintained up-to-date.
 - 6) **Tools and Plants** - T & P have not been lying idle for a considerable period. If lying idle, proper action has been taken for their disposal. When T & P has been issued to the contractor, hire charges have been correctly recovered.
 - 7) **Accommodation Revenue** - Government accommodation has been utilised to the best advantage of the State. Hired accommodation has not been kept vacant without justifiable reasons and without the sanction of the competent authority. There has been no unnecessary expenditure on chowkidars for looking after vacant buildings. Where service officers have been issued with a 'Non- availability' certificate Government owned/hired accommodation is in fact not available. Out of class accommodation has been allotted only after the possibility of (a) allotting it to an officer of the appropriate rank or (b) making two officers share it had been ruled out for administrative reasons. Cases of unauthorised retention of accommodation have been properly dealt with. The RAO has regularly carried out the review of allotment of quarters.
 - 8) The licence fee bills are regularly prepared and promptly issued. The rent assessment has been correctly done. The returns of recoveries for water and electricity are rendered in time. Service taxes have been recovered from non-entitled personnel. The scales for water and electricity for entitled consumers in the station have been laid down by Station Commander and excess consumption of water and electricity has been billed for.
 - 9) **Barrack Damages**-Prompt action is taken to realise the barrack damage from individuals/units.
 - 10) **Infructuous expenditure**-Loss Statement and Expense Vouchers: Cases of infructuous expenditure and losses are not on the increase and effective action has been taken to seek their regularisation. Expense Vouchers are not floated frequently.
 - 11) **Services Charges** - Examine the rates of service charges to find out whether they are revised periodically on a comparable basis with adjoining municipalities.
 - 12) **Work load in Sub Division** – Examine the work load in sub-divisions of MES formations with a view to advise action to reduce the staff or close the sub-division where necessary.
19. On completing the work the reviewing officer will see OC Unit/GE personally and acquaint him with particulars of any major irregularity or lack of control noticed or lacuna or defect found in the system of accounts, and also bring up any items of financial

advice. The more important outstanding objections which are likely to be settled or progressed by personal discussion at this level should also be discussed in this meeting.

IV - Review Reports

20. On completion of his review of work of a unit/formation the reviewing officer will make, if necessary, an advanced report to the PCDA/CDA regarding any important irregularities/points noticed during review. This report should contain the following information:

- 1) Name of the unit or formation.
- 2) Period occupied by the review.
- 3) Brief particulars of the more important irregularities and other important points noticed in the course of the review.

The reports proper of the reviewing officers indicating the results of their review in respect of the units and formations visited will be submitted in duplicate to the P.C.D.A./C.D.A. A separate report should be made for each such unit or formation and should reach the CDA within a week of the date of completion of the review of the accounts of that unit etc. Points of minor importance taken up in the course of review need not be mentioned in detailing these reports. A list of documents reviewed will be attached to the review report. Items reviewed will be attached to the review report. Items reviewed by the officer and the Assistant Accounts Officer/Section Officer (Accounts) will be shown separately. Review reports will be progressed in FA Section.

V - Inspection Report

21. The result of inspection of the Office of the LAO/RAO/ ALAO/AAO(GE) etc. in terms of para 11 et seq. of this appendix will be reported in three parts, separately as under:

- Part I : State of administration and general arrangement of the office,
- Part II : State of work with special reference to arrears, if any, and position of outstanding objections.
- Part III : A brief narrative assessment of the worth of the Head of the Office inspected, and any special comments on particular members of the staff where necessary as disclosed by the results of super review of the accounts of units/formations.

The report will be submitted for the information of the PCDA/CDA/JCDA within 10 days of the completion of the inspection of each office. Part I and III will be dealt with in AN Section and Part II will be forwarded by AN Section to FA Section for further pursuit/action.

CHAPTER 17

DISBURSEMENT SECTION

Objectives

337. Objectives of Disbursement section is:

To arrange promptly for disbursement on behalf of the Defence Services and D.A.D. in the allotted spheres, safeguarding the interest of Government.

(Authority: Annexure A to CGDA's circular No. 13320/AT-Coord dated 3-4-79.)

Duties

338. The duties of Disbursement Section are:

- (i) to arrange for cash assignments or treasuries and the Bank in favour of disbursing officers authorised to make payments;

NOTE. - The term "The Bank" wherever used in this manual means the Reserve Bank of India or any of its offices or branches and includes any branch of the State Bank of India acting as the agent of the Reserve Bank of India in accordance with the provisions of the Reserve Bank of India Act (Act II of 1934).

- (ii) to indent for cheque pads and cheque books and to arrange for their custody and accounting;
- (iii) to pay all passed bills received from other sections;
- (iv) to despatch cheques and cheques slips;
- (v) to prepare a schedule III (I.A.F.(C.D.A.)-345) separately for each section on Remington Accounting Machine or on the pin-pointed typewriters and to forward one copy of the schedule to EDP Centre;
- (vi) to maintain a daily record of the reconciliation made between the totals of daily payment sheets and schedules III to furnish Local Audit Officers, M.E.S. AAO, or other Controllers of Defence Accounts with duplicate cheque slips in respect of the cheques issued to units and formations in their audit areas.

Cash Assignments

339. Cash Assignment is a letter of credit in favour of a Disbursing Officer authorising a particular Treasury Officer or the Bank to make payments demanded by him up to the limits specified therein. The cash required for the Defence Services Disbursing Officers is drawn by them from the Treasuries/State Bank of India/Reserve Bank of India against cash assignments by means of cheques supplied to them by CDA. Requisition showing the amounts allotted to

the several Disbursing Officers for each month of the year will be sent to the Treasury Officers or the Bank by the Disbursement Section.

340. Drawings against assignments granted to a Disbursing Officer will be watched by the Section through a register in which separate pages will be allotted for each treasury or the Bank in which assignment is placed. The assignments granted and the monthly drawings as advised by the Disbursing Officers through the monthly statements will be entered in this register and the balance worked out.

341. It should be seen in audit whether assignment arranged for are in order and in conformity with the procedure laid down in Chapter 17 of Defence Account Code and Rules 310 to 316 of FR Part I (1983 Edition). The Cash assignment Register should be scrutinised to see that the amount has not been overdrawn by the Disbursing Officers and transfer or reduction of assignments are properly noted in the register.

342. The Controllers of Defence Accounts and other Officers of the Defence Accounts Department authorised by Controllers on their behalf may draw cheques on any treasury or the bank to meet the requirement of the Defence Services. The general rules regarding the issue of cheques and Government drafts are laid down in Chapter XIII of FR Part I (1983 Edition). Audit should see that the provisions thereof are rigidly followed.

343. It should be ensured that cheque books and cheque pads except when actually in use are kept in safe custody. The register for receipt and issue of cheque books should be scrutinised to see that the receipts and issues and balances have been correctly recorded and the stock of forms is verified with the balances shown in the register, half yearly.

Schedule III

344. (i) The Schedule of monthly drawing is called Schedule III. A separate Schedule III will be prepared for each Section on IAF (CDA) 345 by the Disbursement Section in duplicate. The voucher No., the cheque No. etc. will be shown against each item. While one copy of Schedule III is used as office copy in 'D' Section, the other copy is sent to Accounts Section.

(ii) The Daily Payment sheets (DP sheets) prepared by audit sections in accordance with the procedure laid down in Para 323 *et seq* DAD OM Part II for the selected month should be collected during audit and the totals of DP sheets and Schedule III of each Section should be verified. The reconciliation statements prepared by 'D' Section as per para 335 DAD OM Part II should be obtained and scrutinised. It should also be ensured that all cheques issued during the month selected for audit find a place in Schedule III.

Disbursement

345. (i) Payments are made either by cheques or by cash or by Demand Drafts.

(ii) Local bills for less than Rs. 10/- and outstation bills of less than Re.1 have to be paid in cash. For such small payments a cheque not exceeding Rs.100/- should be drawn in favour of the Controller and it should be accounted for in the Register of petty cash payments. When payments are made necessary entries should be made in the Petty Cash Book. All entries in the Petty Cash Book and Schedule III will be intialled by Officer -in-Charge.

(Rule 300 to 302 of FR part I may referred to)

Audit Procedure

346. (i) It should be seen in audit whether:
- a) the signature of the Officer-in-Charge on the passed bills and Daily Payment Sheets are verified with specimen signatures on record in the Section;
 - b) the disbursement vouchers are signed in full by officers authorising payment;
 - c) the bills are stamped with "Paid" stamp and initialled by the Gazetted Officer signing the cheque;
 - d) the daily payment sheets are signed in full.
- (ii) It should be ensured that piece - meal payments on different days of bills entered in any one D.P sheet are not permitted.
- (iii) It should be examined if the duplicate copies of cheque slips for all the cheques issued to each unit or formation are regularly forwarded to the Local Audit Officers in convenient batches for verification during inspection of the unit or formation. The numbering book maintained by the Section to number serially the cheque slips should be verified and it should be ascertained that last serial number of the previous year is endorsed on the first cheque slip issued in the succeeding year.
- (iv) It should be seen whether the record of the Section shows the daily receipt of vouchers for payment, the number, date and amount of cheques issued in payment, the disposal of vouchers received and issue of cheques.
347. Errors or frauds in the Section are unlikely to occur if the safeguards provided in Codes, Regulations and other standing orders are strictly observed. It should, therefore, be seen that the rules and regulations pertaining to this Section are strictly followed.

CHAPTER 18

ACCOUNTS SECTION

SECTION- I

Accounts Section-Controller of Defence Accounts

Objectives

348. Objectives of Accounts Sections are:

- (i) To provide accounting and financial information to executive authorities for the performance of their Managerial functions.
- (ii) To provide timely and accurate figures to Government for preparation of financial accounts of the Defence Services.

Duties

349. The work in Accounts Section may be broadly divided into the following categories:

- (i) Preparation of schedules from Punching Media and supporting vouchers in respect of Remittance heads.
- (ii) Maintenance of Debt Head Registers.
- (iii) Settlement of transactions under the Defence Proforma Accounting procedure.
- (iv) Reconciliation of the balances as per monthly statement of closing balances of R.B.I. with the balances worked out in the books of the Controllers.
- (v) Watching clearance of the outstandings in respect of suspense heads under the Defence Proforma Account "Remittance into Banks/Treasuries", "Cheques and Bills", "Reserve Bank Suspense", "Reserve Bank Suspense English Transactions", and "Reserve bank Suspense unclassified" and the "Remittance heads-Accounts with States etc."
- (vi) Accounting and adjustment of transactions relating to D.A.D. Receipts and Expenditure.
- (vii) Adjustment of Defence transaction arising in England and adjustable in India and payments in India on behalf of U.K. Government by the Defence Accounts Officers.
- (viii) Processing of transactions relating to Exchange Accounts between Controllers of Defence Accounts.
- (ix) Preparation and submission of Budget Estimates for which Defence Accounts Department is responsible.
- (x) Watching progress of expenditure against allotments in respect of locally controlled heads, and rendition of monthly statements of expenditure to the local controlling authorities and checking of budget estimates received

from them.

- (xi) Banking of regimental funds.
- (xii) Appropriation Reports.
- (xiii) Reviews of compilation.
- (xiv) Maintenance of Defence Ledger.
- (xv) Preparation of Reviews of Balances in respect of Defence and D.A.D.
- (xvi) Preparation of annual statement of expenditure under Head "2049 Interest on other obligations".
- (xvii) Checking of annual consolidated balanced accounts of Defence Services.
- (xviii) Maintenance of accounts in respect of Indian Ordnance Department Provident Fund and the Contributory Provident Fund.

350. (i) The balances of the Defence Services have been created proforma in the books of the RBI with effect from 1.4.1962. The general rules applicable to Defence Proforma Account and the detailed procedure regarding adjustment of transaction relating thereto are contained in Chapter 6 and 7 of Defence Account Code.

(ii) The transactions of the Defence Services taking place in the branches and offices of the RBI and SBI and its Subsidiaries will be taken against the Defence Proforma Account. The transactions which are settled through the Defence Proforma Account are mainly of the nature specified below:

- (a) Remittance into Banks and Treasuries on MROs.
- (b) Remittance to Defence Services from Banks and Treasuries, i.e., Cheques drawn on Banks/Treasury.
- (c) Transactions originating in Defence Books which are adjustable against the balances of the Railways, P&T and PAOs. Deptt. of Supply, New Delhi, Kolkata, Mumbai and Chennai .
- (d) Transactions originating in the books of Railway/P&T & Deptt. of Supply, New Delhi/Kolkata/Mumbai/Chennai and due for final adjustments in the Defence Accounts, PAOs and Deptt. of Supply, New Delhi, Kolkata, Mumbai and Chennai.

(iii) Amounts due are deposited into the Bank for credit to Defence Services through Military Receivable Orders in duplicate. Original duly receipted is returned to depositor and duplicate sent to the CDA indicated therein along with credit scrolls. The daily credit scrolls will be received in Accounts Section from the Banks and the receipts of Bank scrolls will be recorded date wise in a register maintained for the purpose. The total of the register will be agreed with the monthly credit advice furnished by the Central Accounts Section of RBI Nagpur.

(iv) Defence transactions taking place in Non-Bank Treasuries will be incorporated in the Treasury Accounts and accounted for in the Settlement Account of Civil AGs concerned. The Schedule of payments and receipts will be received in Accounts Section and entered in a Register maintained for each treasury. The total of this register will be agreed with the total depicted in the Inward monthly settlement accounts of the AGs concerned.

(v) Duplicate copies of MROs will be received in Accounts Section along with Credit Scrolls/Schedules of Receipts from Bank/ Treasuries which will be recorded in the

Register of MROs maintained State-wise/AG-wise. Total of this register will be agreed with the totals in the respective Credit scroll/Schedule of receipts.

(vi) Original copies of MROs received in the Audit Sections duly adjusted will be passed on to Accounts Section. The fact of adjustment of original MROs will be recorded in the MRO Register and their totals will be agreed with the printed compilation. The summary of the register will show the amount credited to Suspense Head "Remittance into Banks/Treasuries" and amount debited to suspense Head as also the balance remaining outstanding under the suspense head.

(vii) It should be seen in audit that in case of non-receipt of original/duplicate MROs, action has been taken by the Section for necessary adjustment in consultation with the Audit Section concerned. Cases where duplicate MROs are not received and in the event of bank denying deposit, the case would need investigation for possibility of fraud.

Cheques Drawn on Banks / Treasuries

351. (i) When a cheque is drawn, a punching medium will be prepared by the Audit Section by crediting Suspense Head "Cheques and Bills" and debiting the relevant Service Head. The daily payment sheets (DP Sheets) and Schedule III will be sent to Accounts Section, section-wise. The DP Sheets will be checked to see that the totals agree with the totals of Schedule III. Accounts Section will prepare punching medium State-wise/AG-wise at the end of the month debiting the Suspense Head "Cheques and Bills" by contra credit to the head "Reserve Bank Deposits, Defence". The total amount of unlinked cheques will be reconciled with the amount outstanding under the head "Cheques and Bills" as per printed compilation. In cases where advice is received but scrolls are not received and vice versa the amount will be adjusted at the close of the month of March by credit/debit - Reserve Bank Suspense - unclassified and that reflected under Suspense Head 'Cheques and Bills' (0/020/81) in the printed sectional compilation. Debit scrolls in respect of payments made against cheques issued by CDA are received daily along with paid cheques. These scrolls bear consecutive serial nos. running for each financial year to enable CDA to detect and call for any missing scrolls. Amounts appearing in the debit scrolls will be entered in a manuscript register to enable the grand total per bank so posted to be agreed with the debit advice received from the CAS, RBI, Nagpur.

(ii) A Flow Chart indicating the procedure for final adjustment of MROs/Cheques is indicated in the Annexure A.

Outward Settlement Account

352. Accounts Section will prepare separate AG-wise/Accounts Officer-wise schedules showing amounts debited /credited on receipt of vouchers and punching medium from the Audit Section concerned. The details will be recorded in the Outward Settlement Account Register of the AGI Railway/P&T concerned. Separate advices will be issued to CAS, RBI, Nagpur for effecting necessary monetary settlement. A monthly settlement account will be sent to the AG/AO concerned.

Inward Settlement Account

353. Vouchers and accounts will be received in Accounts Section periodically from the AG/Civil Accounts Officers/ Treasury Officers/Post Offices. These will be entered in the Inward Settlement Account Register of the AG/Rly/P&T Accounts Officers concerned. On receipt of Clearance Memo from CAS, RBI, Nagpur, Accounts Section will link this with the

advice received from the AG concerned. A monthly settlement account will be received in the Accounts Section from the Civil Accounts Officer;

Drawal on Emergency Cash Requisition

354. The paid Emergency Cash Requisition together with the daily Debit Scrolls will be sent by the Bank to the CDA. Accounts Section will maintain a register for recording the receipt, disposal and final adjustment of the Emergency Cash Requisition. The amount of original copy of Emergency Cash Requisition will be adjusted to the head "Reserve Bank Suspense unclassified" by contra credit to the head "Reserve Bank Deposit Defence". Accounts Section will watch adjustment of triplicate copies of Emergency Cash Requisition and eventual clearance of the Suspense Head "Reserve Bank Suspense Unclassified" through the above Register. Payments made by non--Bank Treasuries on the authority of Emergency Cash Requisition will be accounted for in the Treasury .Accounts and cleared by the Civil AG concerned.

Reconciliation of Balances in the Books of RBI

355. After the accounts for the month are closed the CAS of RBI will furnish the statement of closing balances of each of the Controller. The CDA will check and verify that the balances in respect of their offices are correct and agree with their respective balances as Worked out in their own accounts. These figures should be reconciled with the total figures recorded in their Outward and Inward Settlement Account Register and in the Register of Bank Scrolls, which will be abstracted monthly in a separate Register titled "Reserve Bank Deposit Account". The monthly balance will be confirmed by Controllers to the RBI with a copy to the Controller General of Defence Accounts who will in turn confirm the monthly balance for the Department as a whole to the DACR for necessary central adjustment against "X-Cash Balances".

Suspense and Remittance Heads Verification and Reconciliation of Outstandings

356. The outstandings under the Suspense head and Remittance heads should be reviewed and reconciled every month and regular action taken for the clearance of outstanding items. Ordinarily there should remain no balance at the end of the year under the heads "Accounts with States" and "Reserve Bank Suspense", if prompt action is taken in intimating the transactions to the RBI for clearance and in adjusting the transactions of the monthly Inward Accounts of other Accounts Officers. In case there is an outstanding balance at the end of the year, the reasons for the same should be investigated and items adjusted in the earliest possible month of next year. The balances under the heads "Remittance into Banks and Treasuries" and "Cheques and Bills" will represent the amount of unaccounted Remittance and the amount of uncashed cheques respectively.

Audit Checks

357. (i) The upkeep and use of the under mentioned registers should be examined in audit:
- (a) Manuscript register for recording receipt and disposal of Bank Scrolls and showing disposal of accompanying vouchers.
 - (b) Manuscript Register for recording receipt of Schedules of payments and

Schedules of ReceiPart

- (c) Register of MROs.
- (d) Outward Settlement Account Register
- (e) Inward Settlement Account Register.

(ii) It should also be seen that debit/credit advices are not kept outstanding for a long time for want of Clearance Memos from RBI.

Exchange Accounts between Controllers of Defence Accounts (Defence Exchange Accounts)

358. (i) The Defence Exchange Accounts will be operated for the adjustment of transactions of the following types only:

- (a) Transactions pertaining to Debt and Remittance heads.
- (b) Transactions for the settlement or adjustment of which a particular Controller is centrally responsible.
- (c) Payments to Naval/Air Force personnel from Army Sources and vice versa.

(ii) ID Schedules are exchanged between the Controllers concerned. These ID Schedules are prepared by the originating Controllers for each original item compiled to Defence Exchange Account head with reference to the particulars shown in the original vouchers, punching media etc. The duplicate and triplicate copies of the Schedules together with supporting vouchers, if any, will be sent by the originating Controller to the respective sections of the responding Controller's office. An outward DID Schedule Register will be maintained by the Originating Controller wherein all DID Schedules sent by them to the responding parties shall be entered serially.

(iii) A Register of DID Schedules will be maintained in each Audit Section concerned of the responding Controller's Office to exercise watch over the receipt and adjustment of Defence ID Schedules.

(iv) In order that outstanding items under the Defence Exchange Account heads may be cleared, it is of paramount importance that the responses should be afforded promptly by the responding Controller. A particular item should not normally appear as outstanding in two consecutive lists and if an item is found to appear in the third outstanding list this should be a matter of special enquiry and action. It should be ensured that cases of chronic delay for which satisfactory reasons cannot be advanced have been investigated and dealt with from the disciplinary point of view.

(v) A summary of progressive total of outstanding for the whole office will be sent monthly to each Controller, which will be received by Accounts Section and put up to the CDA for his information to enable him to have an idea of the state of work in the office as a whole in connection with the adjustment of Defence Exchange Account Schedules.

(vi) During audit it should be seen that prompt action has been taken by the CDA to clear the outstandings under Defence Exchange Accounts and cases of inordinate delay should be taken up with the CDA concerned.

Defence Transactions arising in England and adjustable in India

359. (i) The Defence Transactions in the UK requiring to be adjusted in the Indian Books will be advised to the PCDA Headquarters, New Delhi direct by the Chief Accounting Officer to the High Commissioner for India in London in respect of:

- (a) Payments made in England on behalf of Defence Services and finally audited in that country.
- (b) Other transactions such as the stores purchased for Defence Services.

(ii) The advice in respect of (i)(a) is received through the monthly statement of Receipts and Disbursements of High Commissioner and in respect of (i)(b) through the Schedules of remittance transactions. These accounts are dealt with by the PCDA HQrs New Delhi centrally. The invoices etc. received in support of the debit will be passed on to the respective Controllers for making necessary verification of credit of stores in the consignee Units/formations.

Budget Estimates

360. (i) There will be a separate cell in Accounts Section for dealing with the following items of works:

- (a) Watching the expenditure against allotment in respect of locally controlled heads;
- (b) Preparation of statement of expenditure against allotment and its rendition to local controlling authorities monthly
- (c) Checking of budget estimates and periodical reports received from various Army units/formations for onward transmission to Army Headquarters.
- (d) Preparation and submission of budget forecasts and revised estimates and all work in connection therewith in respect of the following heads:-
 - (1) centrally controlled service heads.
 - (2) major head 0071/2071 sub major head 02-Defence minor head-101 Army, 102-Navy, 103-Air Force

(ii) The authorities at Army Headquarters will communicate the amounts allotted under various locally controlled heads to Command Headquarters. The Command HQrs in their turn will distribute such provision to Areas and Sub Areas and inform the CDA accordingly. These allotments will be noted in the "Register of locally controlled heads". Any modification to these allotments subsequently notified will be noted in the register supported by the number and date of the communication.

(iii) Sanction by Army and Area Commanders from the allotments placed at their disposal for special purposes will be watched through guard files maintained separately for each Army and Area Commander.

(iv) In order to help the Controlling Authorities at Headquarters of Commands, Areas etc. and unit or formation Commander the CDA/PCDA will render to the allottees monthly statements of actuals. The CDA/PCDA will also keep a watch on the progress of expenditure against allotments and bring to the notice of the allottees and their immediate higher authorities, cases in which the progress of expenditure is abnormally heavy or unusually low. The controlling authorities are required to take prompt action as follows:

- (a) Where savings can be foreseen, to surrender such portion of the allotments as are not likely to be required for the rest of the year.
- (b) Where expenditure in the past has been heavy, to regulate their expenditure so as to restrict it within the sanctioned allotments or to obtain from the higher authorities additional allotment giving full reasons justifying the increase.

(v) The Command Officers should examine the cases where the expenditure is unusually low or abnormally high and ascertain the reasons. It should also be seen whether the prescribed procedure was followed, warning slips were issued and monthly statement of expenditure were sent. Interesting cases noticed, if any, should be reported to Director General of Audit, Defence Services.

Review of Compilation

361. Accounts Section will review the monthly compilation to see that:

- (i) no amount appears under a fictitious code head which has been deleted from the financial accounts during the course of the year,
- (ii) no minus figure ordinarily appears under a head other than a deduct head or a plus figure under a deduct head,
- (iii) the heads of accounts operated exclusively by certain specified Controllers do not appear in the compilation of other Controllers,
- (iv) the Defence Exchange Account heads both for original and responding items allotted to a Controller do not appear in his own compilation,
- (v) no fresh receipts are compiled under the heads like "Defence Savings Provident Fund" etc.

Debt Head Registers

362. (i) Details of amounts compiled under the following Debt Heads will be recorded in the Debt Head Registers:

- (a) Deposits
- (b) Advances
- (c) Suspense Accounts
- (d) Loans and Advances by the Central Government

(ii) The instructions contained in Chapter 18 and 19 of Defence Account code and general principles contained in CAG's MSO (Audit) should be borne in mind.

(iii) The registers will be posted with reference to the particulars in compilation schedules or from supporting vouchers, if any. The postings in the register will be made for each section separately and a summary will be prepared at the end of the month and will be agreed with the compiled actuals shown in the printed compilation. In opening each register the balances outstanding in the previous year's register will be brought forward in detail and the total must agree with the figures shown as outstanding under each head in the Review of Balances. When a Deposit is repaid, transferred or confiscated the amount will be entered in the register in the appropriate column against the relevant entry and details regarding number and date of voucher or ID Schedule or transfer entry will be noted therein. The total of the repayments, transfers and confiscation will be agreed with the compiled actuals.

(iv) At the close of the accounts of the year, the total credits and debits for the year and the balance at the end of the year under each head will be agreed with the total credits, debits and balances as recorded in the Defence Ledger.

Acknowledgement of Advances

363. Acknowledgements of all balances outstanding on 31st March will be obtained annually by Accounts Section from all individuals against whom advances are outstanding and noted in the remarks column of the register against each entry.

Suspense Account

364. Receipts and payments which cannot, in the absence of full particulars, be allocated to any head of account or when the heads to which the transactions are likely to be adjusted are not known will be compiled to the head Suspense Account. In order to watch the clearance of the transactions under this head, two separate Broad sheets one for credits and their clearance and the other for debits and their clearance will be maintained.

Mortgage Bond Register

365. When a charge for an advance for the purchase of Motor Car or for House Building Advance appears in the compilation in respect of DAD, the mortgage deed etc, are to be recorded in the Mortgage Bond Register and the documents will be kept under safe custody. It will be seen that the conveyance/property etc. are kept properly insured until the advances are fully liquidated.

Audit Procedure

366. (i) The Book compilation for the selected month should be obtained from Accounts Section before commencing audit.

(ii) It should be seen during the scrutiny of various Debt Head Registers that opening balances have been brought forward correctly, postings are made correctly from the schedules and closing balances have been arrived at properly. The payments made and recoveries effected during the selected month will be totalled and the totals verified with the amounts debited and credited in the monthly compilation.

(iii) The balances outstanding at the close of each financial year in the various registers should be verified with the balance shown in the Defence Ledger.

Deposits

367. It should particularly be seen that the accounts of deposits are so maintained that each item can be watched independently and that no item is put in deposit unnecessarily. Balance must represent bonafide liabilities of Government that are capable of being settled. No sum should remain in deposit longer than is necessary and it should be seen that continued action has been taken towards settlement or clearance of deposits. Lapsed deposits should be credited to government and once credited should not be refunded without the sanction of the competent authority.

Advances

368. The general principles contained in paragraph 3.13.12 & 13 of the C&AG's MSO (Audit) (Second Edition -2002) should be observed in so far as they are applicable. The instructions contained in Chapter 19 of Defence Account Code should also be borne in mind. The following points may be specially seen:

- (i) Regarding permanent advances it should be seen that all permanent advances are acknowledged by the holders on the 1st of April each year. The aggregate of advances must be agreed with the ledger balance.
- (ii) Regarding advances from Military Treasure Chests It should be seen that the adjustment is watched by the Controller by means of a progress register and that

the schedule of drawings from and remittance to Military Treasure Chests received from Disbursing Officers is agreed with the figures shown in the Cash accounts of the Military Treasure Chest Officers.

- (iii) It should be seen that advances for purchase of motor cars, motor cycles and other conveyances are made in accordance with the rules on the subject, that the necessary securities or bonds are taken and recorded, that the recoveries at the proper rates are regularly made and that interest is calculated and recovered correctly. It should be seen that the sum of all outstanding under the various heads of "Advances Repayable" agrees with the totals in the register maintained in the Accounts Section and that proper action is being taken by the Audit Section in respect of items outstanding for long.
- (iv) It should also be verified that the balances on the 31st March including advances repayable are acknowledged by all the individuals concerned and that such acknowledgements are properly recorded.

Transfer Entries

369. Transfer entries are intended to transfer an item from one head of account to another and may be of two classes.

- (i) Periodical Transfer entries
- (ii) Transfer entries intended to rectify mistakes.

It should be seen that periodical transfer entries are authorised by rules and that entries are correctly made. It should also be seen that the adjustments are carried out properly and without delay and that number of mistakes made is not considerable.

Defence Ledger

370. The Defence Ledger is prepared in the form of a statement showing receipts and charges and balances under the Revenue, Debt and Remittance heads. The heads shown in these statements have been grouped together to facilitate the preparation of the Annual Review of Balances. The entries in the Defence Ledger will be posted annually. The closing balances of the account closed to "Balance Account" in the previous year will be brought forward in the statements of the current year. The final accounts of receipts and charges will be posted in the statements and balances struck for the preparation of Review of Balances. The closing balances in the statements will be verified with the balances worked out independently in the Debt and Suspense Head Register. These statements should be checked to see that the postings have been made correctly and in accordance with the rules on the subject.

Review of Balances

371. (i) After the books of the year have been closed an explanatory statement of closing balances called the Review of Balances will be prepared in the form of a general report which will take up each of the heads in succession. The report will contain:-

- (a) a statement of each ledger balance which is to be explained;
- (b) an explanation of the nature and condition of the liability involved in it;
- (c) a statement of the nature of the detailed accounts kept of the transaction connected with it and how far the final results of these detailed accounts

work up to and agree with the balance on the ledger.

(ii) Particulars of each sub-head under the head "Deposits", "Advances", "Suspense Accounts" and "Loans and Advances by Central Government" should be given separately in the Review. The Review of Balance includes transaction relating to Army and DAD.

(iii) The test audit programme of the Accounts Section of CDA is arranged to synchronise with the preparation and rendition of the Review of Balances by the CDA. The draft review on its receipt from the CDA should be carefully checked to see that it has been prepared in accordance with the rules, that the details work up to the balanced heads in the ledger and agree with them and that the balances of various Provident Funds have been communicated to the subscribers.

(iv) The Book compilation for March Supplementary /March Final should be collected from the Accounts Section to check the figures reflected in the Review of Balances.

(v) It should be seen that outstandings under the head Advances repayable and any similar outstanding relating to the year under Review have been differentiated in the Review from those on account of previous years and that delay, if any, in the recovery of old item has been specifically explained. All items placed under suspense should be carefully scrutinised to see that their compilation under suspense is in order.

Statement of Central Transactions of the Defence Services

372. A copy of the Statement of Central Transaction of the Defence Services in India will be forwarded by the CGDA to the Controllers of Defence Accounts, to the Ministry of Defence (Finance) and the DGACR. The Controllers will check the figures in respect of their office and bring promptly to the notice of the CGDA any mistakes noticed thereon under intimation to Test Audit. These should be scrutinised in audit.

Maintenance of Contributory Provident Fund Accounts

373. The accounts of subscribers to the Contributory Provident Fund are maintained in Accounts Section. These Accounts will be audited with reference to Contributory Provident Fund Rules and provisions of para 463 of Chapter 22 of this Manual to see that the accounts are maintained properly and interest worked out correctly every year and government contribution is correctly made.

Family Welfare Programme in Armed Force

374. (i) The expenditure on family planning in the Armed Forces will be debited by Controllers of Defence Accounts to the head 0/020/48 and debits raised against PAO, Min of Health and Family Planning and Urban Development, who will issue cheques in settlement of the account.

(ii) Detailed audit of one month's expenditure on Family Planning in the Armed Forces booked by the Controllers of Defence Accounts should be carried out, besides carrying out a general review of the accounts in respect of the remaining months of the year. The settlement account register maintained by Accounts Section on this account may also be scrutinised. On the basis of this audit, an audit certificate on the expenditure debited by Controllers of Defence Accounts and its settlement is to be rendered to Director General of Audit soon after the accounts of the year have been closed.

Military Treasure Chest Accounts

375. The rules for guidance of Officers-in-charge of Military Treasure Chest in obtaining funds, making payments and preparing their accounts are detailed in Appendix 7 FR Part II (Reprint 1988). Monthly accounts received are acted upon as indicated in para 299 of Defence Account Code. The audit of these accounts should be undertaken as brought out in para 378 et seq of Defence Audit Code and it should also be seen that action to have the cash balances reduced, has been taken by CDA/PCDA in cases where such balances are found to be unduly large.

Check of Certificates

376. (i) The various audit certificates rendered by the CDA/PCDA to the CGDA should be scrutinised in audit.

(ii) Controllers of Defence Accounts maintain proforma accounts relating to expenditure met from Contingency Fund of India and of expenditure charged to Consolidated Fund of India. A copy of monthly reports relating to accounting of such expenditure rendered by CDA/PCDA to CGDA is received from Accounts Section. These will be scrutinised and details entered in a register maintained for the purpose. A consolidated annual report on the above is to be sent to the Director General of Audit, Defence Services, New Delhi soon after check of March Final and Supplementary statement.

SECTION- II

Accounts Section of PCDA/CDA

377. (i) The general procedure of work in this section is laid down in Section I above. This section is additionally responsible for co-ordination and for ensuring the correctness of the procedure followed by PAOs in the preparation and submission of punching media, vouchers etc.

(ii) Debits/Credits received from other Controllers which pertain to more than one PAO will be adjusted centrally by this section. Particulars of such adjustments will be intimated to the PAOs for further action.

(iii) This Section is also responsible for allotment of Imprest Account Number to Units/Formations as per procedure detailed in Para 17 of DAD OM Part X Vol I.

PLI Schedules

378. (i) The Postal Life Insurance recovery schedules are prepared by Deputy Director PLI Kolkata in respect of Defence personnel including non-gazetted civilians whose IRLAs are maintained by the PAO and forwarded quarterly to various PAOs (ORs). On receipt of the above Schedules, necessary recoveries are effected through the IRLAs by the PAOs. One copy of the Schedule duly completed is returned by the PAOs direct to the Deputy Director, PLI under a covering memo. The PAOs will only furnish details of completed Schedules to Accounts Section for preparation of consolidated statement in support of the settlement account.

(ii) The Accounts Section will watch for the PAO's letter returning the PLI Schedules on due date. When printed compilation is received the amount compiled by each

PAO will be checked with the amount mentioned in the forwarding memo of PLI Schedules to ensure that there are no variations. The consolidated statement will then be prepared by the Accounts Section and the same attached with the Outward Settlement Accounts to Director of Accounts (Postal) Kolkata.

(iii) Pay and allowances of Defence personnel posted to Embassies and High Commission abroad are compiled by the Accounts Section on receipt of paid vouchers through the Controllers of Accounts, Min. of External Affairs. With the departmentalisation of Accounts the transactions arising in Embassies except UK will be settled through Controller of Accounts Min. of External Affairs. Recoveries on account of PLI and Fund subscriptions are compiled by the PAO (ORs) who maintains the nominal IRLAs of the personnel concerned.

(iv) In the case of transfer to UK, LPCs showing the individuals paid till that date will be sent to the Accounts Section by the PAO (ORs) for counter signature by the AO-in-charge and onward transmission to UK. Credits on account of recovery of family allotment including M.O. Commission in respect of personnel posted to UK received through the Inward London Account Current will be afforded to this section by the CDA (HQrs) New Delhi through the Defence Exchange Account.

Postal Collections credited into the Imprest Account

379. Postal collections credited into Field Imprest Account being original transactions arising in the Defence books will be compiled by the PAOs by affording credit to Director of Accounts, Postal Services, Nagpur at the time of compilation of Imprest Accounts. On receipt of the duplicate copy of the punching medium this section will pass on the credit through the settlement account with the Director of Accounts, Postal Services, Nagpur.

Reconciliation of amount compiled to Suspense Head (0/018/65) - Advances - Pay Accounts Officers

380. (i) Field Imprest Holders obtain funds for their Imprest in the shape of lump sum advances on Cash requisitions (IAFF 1036) either from the Regional Controllers or from the Field Cashiers. These advances are initially compiled by debit to Code No.0/018/65 by the Regional Controllers and by the CDA (O) Poona in the case of advances paid by field cashiers. Similarly, advances of pay to Army recruits paid by the Recruiting Officers and those paid to Gorkhas by the Gorkha Recruiting Officers are also compiled to Code No. 0/018/65 by the Regional Controllers. The entire amount debited to 0/018/65 during the financial year is transferred by the Regional Controllers and CDA (O) Poona to the Accounts Section of concerned CDA through Defence Exchange Accounts for March (final). These ID Schedules will be adjusted by the Section by per contra debit to code No.O/018/65.

(ii) Advances paid to Army personnel by Naval and Air Force authorities etc. are compiled by this Section or the PAOs initially to code head 0/018/65. It is the responsibility of this section:

- (a) to exercise an exhaustive check to see how far the entire amount compiled initially to code head 0/018/65 by various controllers have been relieved either by the PAOs or by the Main Office.
- (b) to arrive at the difference periodically with reference to the reconciliation statements furnished by the PAOs.
- (c) to prepare a classified list of the difference which can be explained.

(iii) It should be seen in audit that the reconciliation of balances under the suspense head Advances - Pay Accounts Officers has been carried out by the Section as provided in Para 22 of DAD OM Part X Vol I.

Review of Balances

381. The Review of Balances on receipt from the PCDA/CDA should be scrutinised with reference to various Registers and Defence Ledger maintained by the Section as per procedure outlined in Chapter 14 of Defence Account Code.

SECTION -III

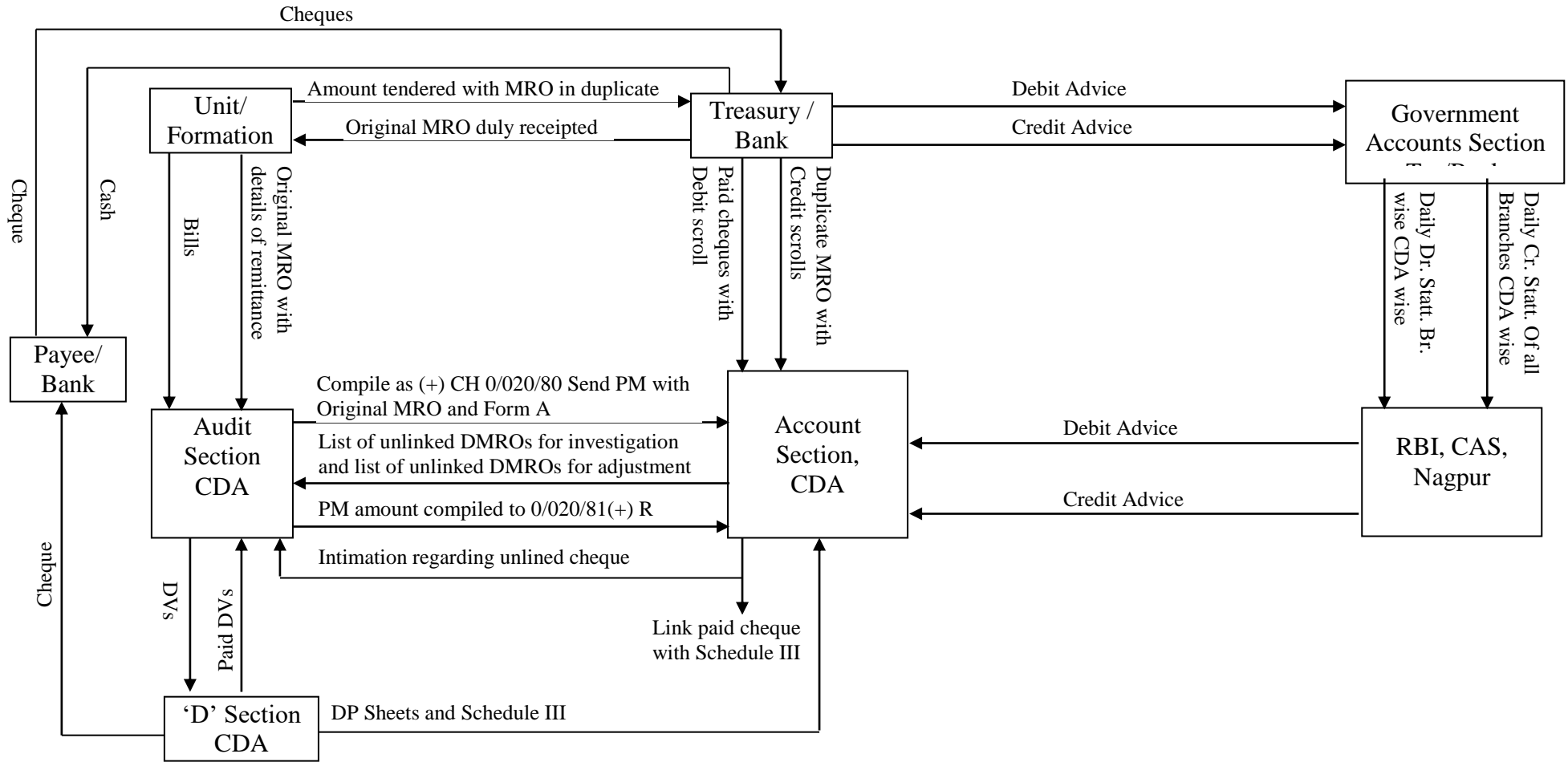
Accounts Section PCDA New Delhi

382. Defence transactions in the United Kingdom requiring to be adjusted against Defence Head of Accounts will be dealt with as detailed in Chapter 10 of Defence Account Code and para 243 et seq of DAD OM Part II and PCDA (HQrs) New Delhi is responsible for dealing with London Account Current and having them adjusted in the books of different Controllers of Accounts through Defence Exchange Account. It should be ensured that the procedure detailed in Defence Account Code is followed.

Annexure A

Flow chart showing how amount remitted into bank (Treasury) by Defence Units through MROs is received and adjusted in Defence Books and how cheque issue by CDA is paid and accounted for in Defence Books

(Referred to in Para 351 (ii))



CHAPTER 19

ADMINISTRATION SECTION

Objectives

383. Objectives of Administration Section are:

- (i) To look after various aspects of personnel management of the organisation.
- (ii) To provide healthy living and working conditions for officers and staff.

Duties

384. This section deals with all questions relating to:

- (i) general administration of the office and its sub-offices, including requirement of establishment, recruitment, postings and transfers, confirmations, pay, increments, promotions, leave, conditions of service and retirement of officers and establishment;
- (ii) conduct and discipline;
- (iii) confidential reports;
- (iv) departmental examinations;
- (v) duty allowances;
- (vi) maintenance of service documents;
- (vii) Office security and care of office building, furniture, typewriters, duplicators and other machines, etc.;
- (viii) diarisation and distribution of secret, confidential and demi-official letters and other communication received in the office;
- (ix) preparation of pay bills of gazetted and non-gazetted personnel of the office. (In certain offices, the pay bills of gazetted officers of the office are prepared by the Pay Section, as a matter of convenience);
- (x) permanent advance and office contingent and miscellaneous expenditure;
- (xi) custody, disbursement and accounting of cash;
- (xii) maintenance of cash book and other allied registers;
- (xiii) scrutiny and countersignature of travelling allowance claims of officers and establishment;
- (xiv) preparation of pension claims of gazetted and non-gazetted staff of the office and all work in connection with the verification of their service;
- (xv) bills on account of reimbursement of medical expenses;
- (xvi) payment of advances of pay and travelling allowance, temporary advances from G.P. Fund and withdrawals from G.P. Fund for financing insurance policies;
- (xvii) advances for the purchase of conveyances in respect of gazetted and non-gazetted staff;
- (xviii) payment and recovery of leave salary and pension contributions in respect of

- persons lent to and from the Defence Accounts Department;
- (xix) application for outside employment;
- (xx) preparation of budget estimates in respect of locally controlled heads under Head 4 (A) and (C) and cash requirement estimates of the Defence Accounts Department;
- (xxi) control and distribution of grant-in-aid for amenities;
- (xxii) application for subscribing to Postal Life Insurance;
- (xxiii) work in connection with local audit and inspection;
- (xxiv) Scheduling of vouchers of consuming units received from L.A.Os. and other Cs.D.A.

384. As per note below Para 87 of DAD OM Part II Volume--I, the DAD Pay bills, TA bills, Contingent bills etc. will be passed on to PCDA(P), Allahabad who will act centrally as the Auditing Controller for the post audit of the said bills with effect from

1.4.72. The pay bills, TA bills, Contingent bills of the office of the PCDA (P) Allahabad will be post audited by the CDA Patna. However the test audit of the DAD Pay Bills, TA bills, Contingent bills etc. will be carried out by the respective Command Officer concerned in whose audit jurisdiction the Controller's office is located during Central Test Audit besides post audit that is conducted by Command Officer, Allahabad. To enable Command Officer, Allahabad to avoid test audit of same bills the respective command officers should furnish to D.D.A., Allahabad details of month's bills test checked by them.

(DGADS New Delhi No. 399/A.Admn/6/91/KW dated 12.5.92).

385. (i) The audit checks required to be carried out on the above type of bills will be the same as applied during central audit of similar bills of units/ formations outlined in paras 242, 251 and 261 of this manual.

(ii) Certain specific items of work which require to be looked into during the audit of Administration Section of a Controller's office have been listed below along with necessary audit checks.

Permanent Advance

386. (i) The amount of permanent advance of imprest in respect of a C.D.A.'s office is fixed by the C.G.DA. Charges on the following items are paid from the permanent advance which is reimbursed as and when necessary by drawing on a Contingent Bill as per nature of charges mentioned in Para 92 of DAD OM Part II Volume-- I & Appendix -8 to GFR Volume--II.

(ii) It should be seen in audit that only authorised items of expenditure are met out of the permanent advance.

Office Contingent Expenditure

387. (i) A register is maintained on IAFA 481 in which all charges on account of office contingent expenditure will be recorded under each head of expenditure for which a separate allotment of funds has been made by the Controller General of Defence Accounts. In order to watch the progress of expenditure under each head as compared with the appropriation, a progressive total of all columns will be made monthly so as to include all payments under each head. These monthly totals will be agreed with the printed compilation.

(ii) The general rules for the audit of contingent charges as given in the chapter on Miscellaneous Section and Defence Audit Code should be borne in mind while conducting Audit of the contingent expenditure as above.

(iii) During audit, the sectional compilation for the selected month should be collected from the Section. The monthly total in the contingent charges register should be verified with reference to the compiled actuals.

Cash Book

388. (i) A Cash Book is maintained on IAFA 125 by the Cashier under the supervision of Officer-in-charge, Admin. Section. All cheques drawn in favour of the CDA and all payments made out of the cash obtained by encashing such cheques will be accounted for in the Cash Book. All payments must be supported by the acquittance of the payees and other connected vouchers. When payments of pay and allowances are made to members of the establishment on the letters of authority furnished by them, such letters of authority together with the receipts should be posted in the register of acknowledgements/ acquittance roll. The cash book will be closed monthly and balanced and submitted to the officer-in-charge. The undisbursed pay at the end of the month should ordinarily be refunded to Government. The amount of undisbursed pay may at the option of the Controller be retained for a period not exceeding three months.

(ii) Surprise checks of the actual cash in hand and as shown by the cash book should be carried out and results of surprise check recorded in the Cash Book in a register.

(iii) Selected one month's transactions in the Cash Book should be scrutinised in detail with reference to receipt and payment vouchers in addition to general scrutiny of the Cash Book since last audit. The register of payments maintained in respect of miscellaneous payments, register of money orders, register of Demand Drafts, cheque books, counter foils etc also should be verified during audit of Cash Book.

The following are the process of Cash Book audit:

- (a) tracing of receipts into Cash Books;
- (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) seeing that all receipts and payments are in order;
- (f) seeing that Bank Reconciliation Statement is prepared and recorded in the Cash Book at the end of each month.

Service Books

389. (i) Service books of all officers (including IDAS officers except CDA) and staff of the C.D.A's office and Sub-offices are maintained in the Admin Section. The entries in the Service books will be got attested by the officials once in two years.

(ii) The under mentioned documents will be recorded in the Service Books:

- (a) The nomination forms duly filled in by the individuals for DCRG etc.
- (b) Family details furnished by the individuals and changes thereof
- (c) Home town declaration furnished for the purpose of Leave Travel Concession.

(iii) The Leave Account in Form ATC-2A forms part of the Service book. An Index Card maintained on IAF (CDA) 226 will be attached to Service Books wherein details of all transfers and appointments held by an individual are recorded.

Audit of Service Books

390. (i) The Register of Service Books maintained by Admin. Section should be collected for the purpose of selection of Service Books for test audit. This register will contain details such as name, designation, personal no. allotted, date of birth, date of superannuation, from whom the Service Book was received etc. The Service Books of those individuals who are within 5 years of superannuation should normally be selected for audit within the percentage prescribed for audit of Service Books.

(ii) All Part II Orders issued during the selected month should be collected and posting into the Service books affected should be verified. It should be seen that increments granted are properly recorded in the Service Book and it should be ensured that financial effect of increment has been given only from the date of joining duties if an individual is on regular leave as on 1st of the month.

(iii) The leave account should be checked in detail to see that it is maintained properly and postings are made correctly therein with reference to orders thereto.

(iv) A complete record of all Service Books test checked each year should be kePart

Demand Registers

391. The various demand registers maintained in Admin. Section may be scrutinised in audit. A detailed scrutiny of one month's (selected month) entries in the registers viz. Advances of Pay/ TA on transfer, advance from General Provident Fund / advances for the purchase of Conveyance / House Building Advance may be carried out with reference to Part II orders / sanctions etc. It should be seen that monthly recoveries are effected regularly, recovery of interest on interest bearing advances have been made after repayment of the principal amount. Command Officers should after review of the Demand Registers and other records furnish to DDA, DS, Allahabad with an extract of outstanding demands for further verification at his end. DDA Allahabad should furnish similar information in respect of outstanding demands relating to PCDA (P) Allahabad to Command Officer, Patna.

Trunk Call Registers

392. The trunk call registers in respect of official telephones to record details of official/private calls made and to watch recovery on account of private trunk calls maintained in Admin. Section should be verified during audit to ensure that recovery on account of private trunk call has been effected from the individual concerned and that no. and date of Treasury receipt has been recorded therein.

Vehicle Records

393. It should be seen in audit that the prescribed accounts and documents in respect of

vehicles held by Controller of Defence Accounts have been maintained by the Admin. Section. In addition it should be seen that:-

- (i) the prescribed procedure for accounting of POL has been followed.
- (ii) the mileage performance of vehicle per liter of petrol is reasonable
- (iii) car diaries are maintained properly
- (iv) Specific nature of the duty is clearly indicated in car diaries / duty slips
- (v) the mileage card has been completed with reference to car diaries, monthly summary has been recorded.

Charges on Account of Photocopier (Xerox Machine) Computers etc.

394. Expenditure incurred on account of maintenance of photocopiers/computer etc., should be examined with reference to agreements / contracts concluded with the firms to see that the payments are made in accordance with the agreements/ contracts and is in order.

CHAPTER 20

**EXCLUSIVE ITEMS OF WORK DEALT WITH BY PRINCIPAL CONTROLLER
OF DEFENCE ACCOUNT (HEADQUARTERS) NEW DELHI**

395 (i) The Controller of Defence Accounts (HQrs) New Delhi started functioning from January 1981. The main duties of the PCDA (HQrs) are:-

- (a) Pay and allowances including TA claims of civilian staff of Ministry of Defence, Army Headquarters, and Inter Services Organisation located at Delhi.

- (b) Claims pertaining to contingent and miscellaneous charges of Ministry of Defence, Army Headquarters and Inter services organisations located at Delhi.
 - (c) To make necessary payment of dues relating to foreign contracts & supplies made towards contracts concluded by Min. of Defence with Foreign Government and also by Service HQrs with foreign firms under delegated powers.
 - (d) To scrutinize supply orders and to pay bills relating to contracts concluded by Deptt. of Defence Supplies/RCPO in respect of Defence Services and others and also to ensure proper accounting to these transactions in the Defence Service Estimates.
 - (e) To provide necessary accounting, financial and internal audit information and support to the CAO, Min. of Defence, Service HQrs and Inter Service Organizations authorities located at Delhi to help them in the discharge of their management functions.
 - (f) To ensure proper and correct maintenance of fund accounts of Defence Civilians /Officers of AFHQ Service/Inter Services Organisation and that of Ministry of Defence and Defence Finance Secretariat Staff.
 - (g) To carryout the functions of internal audit and also to work as DDO in respect of Min. of Defence and Defence Finance in its entirety.
 - (h) To ensure payment of dues in respect of licence fee for the houses/flats hired by CAO & Jt. Secretary, Min. of Defence for Defence Service officers working in Delhi Area.
 - (j) To ensure payment relating to Secret Services of Cabinet Secretariat and also accounting of expenditure of the Defence Estimates in respect of vouchers floated by Controller of Accounts, Deptt. of Supply (DGS&D) in respect of contracts conclude by DGS&D on behalf of Defence Services. For this purpose PCDA (HQrs) has been appointed as “NODAL CDA” by the CGDA for accounting of these transactions in the books of Defence Services Estimates.
- (ii) The office of the PCDA (Headquarters) is divided into following sections:
- (a) General
 - (b) Record Section
 - (c) Administration Section including Pay Section
 - (d) Accounts Section
 - (e) Disbursement Section
 - (f) Foreign Payment Section
 - (g) Licence Fees Section
 - (h) Miscellaneous Section
 - (i) Transportation/LTC Section
 - (j) Fund Review Section
 - (k) Pay Section including Pay Tech Section
 - (l) Store Contract including RCPO Section

(m) APO Section

(n) AO(DAD)

Fund Accounts

396 (i) The Fund Accounts of Defence Civilians (gazetted and non-gazetted) of Armed Forces Headquarters/Inter Services organisation and that of Ministry of Defence and Defence Finance Secretariat Staff are maintained by the Fund Section of PCDA (HQrs). In respect of Army and Navy civilians the fund accounts are maintained by Fund Review Section with reference to pay bills. In respect of Air Force civilians, G.P. Fund accounts are maintained by concerned pay groups of PCDA (HQrs) who prepare the pay bills of these civilians.

(ii) The audit of these accounts would be undertaken as indicated in Chapter 22.

397. (i) The Miscellaneous Section of PCDA (HQrs) deals with certain bills as distinct from other Controllers which are shown below:

- (a) Payments relating to Russian delegation deputed for technical examination of stores/equipment to COD, CVD and Ordnance Depots;
- (b) Entertainment grant to COAS, CNS;
- (c) Contract on account of furniture repairs/maintenance in respect of Naval Headquarters and CAO;
- (d) Armed Forces Film Photo Division Director of AFFPD - Ministry of Defence;
- (e) Investiture ceremony through Station Headquarters Delhi;
- (f) Gallantry awards payment to Ex-service personnel through Station Headquarters Delhi;
- (g) Republic/Independence Day expenditure through Ministry of Defence 'D' (ceremonial)
- (h) Sainik Samachar Publication through Editor-in-Chief on behalf of DPR, Ministry of Defence;
- (i) Foreign Samachar Publication through Editor-in-Chief;
- (j) Foreign Delegation Entertainment through Director 'D' Protocol, Ministry of Defence;
- (k) Subsidy to Ex-service personnel through Director General of Resettlement;
- (l) Army Adventure Cell expedition through Director Army Adventure Cell;
- (m) Press Tour Programme through Directorate of Public Relations;
- (n) Defence Exhibition expenditure through Directorate of Defence Exhibition under Ministry of Defence Department of Supply and Production;
- (o) Courses fee in respect of JCOs/ORs and Officers through Director General of Resettlement.

(ii) The above claims are admitted based on orders issued by Government of India, Ministry of Defence and Standing Orders.

(iii) These claims will be audited with reference to general principles laid down for the audit of contingent and miscellaneous claims as in Chapter 13.

Licence Fee Section

398. (i) The duties of Licence Fee Section are:
- (a) Scrutiny of hiring sanction and lease agreement of houses hired by the Chief Admn Officer in Delhi / New Delhi for Service Officers;
 - (b) Audit and payment of licence fee bills preferred by the owners of the hired houses;
 - (c) Arithmetical checking of Cash Book maintained by Unit Accountant (Quartering) attached with CAO regarding payment of water/electricity bills etc. to the civil authorities in the civil buildings in which Defence Offices are situated;
 - (d) Audit and payment of debit statement on account of buildings let out by the Civil authorities for office as well as residential accommodation of Defence Personnel.
- (ii) The responsibility for hiring of residential accommodation for service officers of Army, Navy and Air Force serving in Delhi and New Delhi with reference to the scales of accommodation and rental ceilings fixed from time to time devolves on the CAO Ministry of Defence. As and when any accommodation is hired, necessary sanction is issued by CAO and a lease and licence agreement is entered into by the CAO.

Audit of Hiring Sanction and Licence Fee Bills

399. The main duties, procedure for hiring of residential accommodation for service officers, Rent fee bill and Audit procedures for hiring, sanction, lease & licence agreement etc. are contained in Chapter VII of DAD OM Manual Part - XII.

400. Deleted

Store Contract Section and Radar Communication Project Office Section (RCPO)

401. The objectives & duties of store contract section & Radar & Communication Project office section (RCPO) are contained in Chapter XII of the DAD office manual Part. XII.

Scrutiny of Supply Orders/ Store Contract bills

402. (i) The principles to be observed in connection with scrutiny of ATs / Supply Orders which is undertaken locally are indicated in Chapter 14 of the Manual.

(ii) The general principles to be observed in the audit of stores contract bills are detailed in Chapter 14 of the Manual, DAD OM Part-II, Conditions of contract and Supply Audit Manual.

(iii) Any important features noticed during the audit of ATs/Supply Orders and connected bills should be brought to the notice of Provision Audit Section of Headquarters Office for detailed examination. Vouchers are scheduled to LAO concerned for credit verification. Details of valuable procurements should be collected for intended utilisation at users end and got examined in local audit at user's end.

(v) In regard to audit points to be seen in the scrutiny of RCPO contract which is undertaken locally and also bills relating to these contracts, the general principles as brought out in chapters 27 and 43 of the Manual will be applicable. Normally the payments to Public Sector Undertaking such as BHEL, ITI and ECIL are made as under:

- (a) 20% advance payment on placement of order
- (b) 65% on progressive expenditure incurred by the Public Sector Undertakings as certified by them
- (c) the balance 15% is payable on proof of despatch and inspection and receipts of stores in good condition by consignee.

(vi) It should be ensured that the payments are made correctly as per the agreements and are in order.

Foreign Payment Section

403. (i) Scrutiny of contracts concluded by Ministry of Defence as well as by Service HQrs under delegated powers with Foreign Government/Firms and payment towards stores procured from abroad for Defence Services has been entrusted to PCDA (Headquarters) Foreign Payment Section. This section caters for payment both in FFE and NCR. The role of PCDA (Headquarters) in regard to these transactions commence only after the receipt of ink signed copy of contract agreement/purchase orders and when payments are due to the supplier.

- (ii) There are two types of contracts:
 - (a) Cash and carry contracts
 - (b) Credit and Deferred Payment Contract

(iii) The contracts are scrutinised in test audit by HQrs Office locally with reference to papers leading to such contract.

Procedure followed in regard to payment of stores procured from abroad/foreign countries by Service Headquarters

404. Agreements for the procurement of ordnance stores, arms/ammunitions, Air Force and Naval Stores etc. are concluded with foreign Government/ firms in foreign countries by the Government of India, Ministry of Defence. Payments against these contracts in the form of advance, deferred installment and final payments or interest due are made by the PCDA (Headquarters) on the authority of letters duly signed in ink issued by the Ministry of Defence or Service Headquarters, as the case may be in consultation with Ministry of Defence (Finance Division) with endorsement relating to release of foreign exchange commitments having been noted by Ministry of Defence (Finance Budget). It should be examined whether escalations where provided are specific or general in terms of conditions. In the event of provision for escalation in general terms, escalation when authorised should be with prior financial concurrence.

Payment Procedure in Respect of Deferred Contracts

405. Payment Procedure in Respect of Deferred Contracts are contained in Para 19 to 20 of DAD office Manual Part XII that should be seen during audit.

- (i) It should be ensured in audit that the supply of stores has been fully completed

by the delivery dates indicated in the contract agreement, if not, the matter has to be taken up with Min. of Defence/Service HQrs concerned.

(ii) Specification certificates attached with the invoice giving details of stores supplied/ received from the Min. of Defence/Service HQrs will be scheduled to the concerned Controllers of Defence Accounts of the consignee unit/Depots after entering the particulars of Invoices/ Specification certificates in the scheduling register for credit verification through concerned CsDA.

(iii) The sectional compilation of a particular month should be obtained and scrutinised to see that all the punching media floated by foreign payment section have correctly been compiled to the respective code heads and there is no discrepancy.

Payment Procedure in respect of Indents of the Contract of Purchase or the Supply Orders placed by Service Headquarters on Foreign Firms

406. (i) A separate group in foreign payment section of PCDA (HQrs) deals with the payment relating to contracts/supply orders/purchase orders concluded/placed by the various authorities at Service HQrs for procurement of stores from Commercial firms abroad ex-UK and West European countries under powers delegated to them.

(ii) The Indents are classified into three types depending upon the value of stores to be procured.

(a) Procurements in respect of cases whose value exceeds Rs.10 lakhs in which cases the procurement is made after the normal procedure is followed including approval of Tender Purchase Committee through the Air Officer Maintenance. In these cases the expenditure sanction as well as sanction for release of FFE is accorded by Min. of Defence.

(b) Procurement where value is above Rs.1 lakh but below Rs.10 lakhs in which case purchases are made under delegated powers of the Service HQrs after receiving financial concurrence.

(c) Procurement in respect of cases whose value is upto Rs.1 lakh the sanction for release of FFE is only accorded by Min. of Defence (Finance) and contracts are concluded by the Directorate of Purchase of the Services.

(iii) The sanctions issued by Service HQrs are to be audited in accordance with the provisions of Chapter 10 of Defence Audit Code.

Payment Procedure

407. (i) PCDA (HQrs) will authorise RBI/SBI to effect the payment of above cases by crediting the amount to the relevant account of the foreign countries. Necessary adjustments would be made on receipt of Debit advice from RBI regarding payment made by them and the date on which the payment has been made.

(ii) The original invoices containing the details of stores supplied and copies of shipping documents will be scheduled to concerned Controller of Defence Accounts duly verified indicating consignee Depot/Unit for credit verification.

(iii) The audit points to be looked into are:

(a) payment authorisation made by competent authority indicates release and commitment of foreign exchange;

- (b) original invoices duly authenticated by Service Headquarters and supported by Bill of lading or Airway Bill and Insurance Policy (where applicable) has been received and in cases where copy of Bill of Lading is not available to be furnished to CDA reference to the same is indicated duly certified by officer authorised to do so;
- (c) items and quantities indicated in the invoices are as per schedules of requirement in contract/supply order;
- (d) discounts where applicable had been availed of;
- (e) mode of payment is as per conditions in the contract/ supply order;
- (f) advance payments are covered by provisions of the contract/supply order;
- (g) letter of Credit is opened as per conditions of authorisation letter with terms and conditions as a separate annexure with extract of payment terms and application and guarantee in prescribed forms duly noted in the Register of Letter of Credit
- (h) exchange rate adopted is correct.
- (i) bank charges, if any, levied by the bank in the debit advices are authorised and correct.

Army Purchase Organisation Section

408. (i) The main objective of the Section are contained in Para 82 in Chapter XIII of DAD office Manual Part XII.

(ii) Chief Director of Purchase (CDP) of APO is the head of the organization and powers have been delegated to him for conclusion of the AT. Financial concurrence of the Associated Finance is invariably obtained.

(iii) The payment terms depend upon the nature of commodity such as wheat and rice, sugar, other items, viz. dals etc.

(iv) The Army Purchase Organisation Section also deals with payments relating to procurement of tinned food stuff. The orders placed/contracts concluded in this regard are audited by Provision Audit Section as brought out in Chapter 27. Payments in respect of bills presented in prescribed forms issued are made after scrutiny by PCDA (Headquarters) as per conditions of AT/S.O., provisions of Supply Audit Manual & DAD OM PartII relating to Stores Audit Section. These Payments will be scrutinised in test audit on the lines similar to bills audited in Stores Section of PCDA's office.

DAD Cell – PCDA (Headquarters)

409. (i) PCDA (Headquarters) has been nominated as nodal Controller for adjusting the vouchers relating to Defence transactions for which expenditure is incurred by PAO DGS&D New Delhi.

(ii) The objective of DAD Cell is to ensure speedy booking of expenditure of central purchases made through DGS&D, for watching the progress of expenditure and to ensure scheduling of central purchase vouchers to the consignee CsDA.

(iii) The procedure relating to receipt and adjustment of vouchers etc. and various duties of the DAD Cell and audit checks to be exercised are contained in Chapter 14 of this Manual.

Main functions and responsibilities of AO(DAD)

410. Main functions and responsibilities of AO(DAD) are laid down in Chapter XIV of DAD OM Part - III.

411. Punching Medium for each Cash voucher will be prepared simultaneously the payment enforcement is made on the voucher/bill/claim by audit and payment sections. The PCDA (HQrs) Computer Cell, New Delhi on receipt of the punching media will prepare a separate compilation for AO (DAD) to exhibit the amount compiled under each code head during the month. Copies of the sectional compilation will be furnished by PCDA (HQrs) to AO (DAD) for verification with the Monthly Receipt and Charges Compilation Register.

Outward Settlement Accounts

412. Credit schedule of Licence Fee will be forwarded for acceptance of credit to Director of Estates, New Delhi under a Top Sheet showing the details of recovery of Licence Fee made from government servants occupying Government Accommodation. Debit Schedule on account of 'PAO's Suspense' will be forwarded by Accounts Section to different accounting organisations duly supported with cheques by raising contra debit/credit against them. The acknowledgement of the cheque will be watched through Outward Settlement Account Register.

Rendition of monthly Booklet 0'- Receipt and Expenditure account to CGA.

413. CDA (Army) CC Meerut will be responsible on behalf of all Controllers to prepare a monthly report on DAD Receipts and Expenditure Account debit to Defence Services Estimate (Civil) for inclusion against Common Heads of Min. of Defence (Civil) and DAD. AO (DAD) will be responsible to send a consolidated Report showing figures of Receipts and Charges in a monthly booklet to CGA, Government of India, Min. of Finance, Deptt. of Expenditure, New Delhi.

Inward Settlement Claims

414. (i) AO (DAD) will not have any exchange accounts or settlement accounts with other Accounts Officers. All the transactions will be settled by issuing a cheque/bank draft on cash basis.

(ii) On receipt of the Inward Claims relating to (a) Air conditioning, Electricity, Water etc. from CPWD (b) Claims from Ministry of External Affairs New Delhi in respect of Officers going abroad and serving in foreign countries (c) Claims from various accounting organisations regarding GPF, HBA, MCA etc. (d) Claims from various accounting organisations, will be noted in a register of Inward Claims. AO (DAD) will obtain the acceptance of the claim from the Ministry of Defence and on receipt of the sanction, Cheques to the accounting organisation will be issued.

(iii) On receipt of the Cheques/Drafts from accounting organisations in settlement of Inward claims the same will be entered in Valuables Register. Three copies of challans will be prepared for depositing the cheques/drafts in favour of AO (DAD) Min. of Def. (Civil) into RBI New Delhi. Duplicate copies of challans received from RBI along with the Receipt scrolls will be adjusted in AO (DAD) Accounts Section and fact of adjustment will be recorded in the Valuables Register. The RBI New Delhi will forward two copies of payment scrolls along with paid cheques to AO (DAD) on daily basis.

Para 415 to 427 Deleted

The procedures in regard to the following aspects (deleted Paras 415 to 427) followed by the PCDA(HQ) New Delhi are containing in Para 98 to 111 of Chapter XIV of DAD office Manual Part. XII.

- (i) Receipt Scrolls
- (ii) Bank Reconciliation Statement
- (iii) Linking of Cheques
- (iv) Loans
- (v) Loans to State Government
- (vi) Loan Register
- (vii) Procedure for Payment of Loan
- (viii) Investment
- (ix) Payment of Investment to Public Sector Undertaking
- (x) Grant-in-aid
- (xi) Finance Accounts
- (xii) Review of Balances
- (xiii) Appropriation Accounts

CHAPTER 21

AUDIT OF IRLAs OF ARMY OFFICERS - CDA(O)

System of Pay Accounting

428. The pay accounts of all Commissioned Officers of the Army including Military Nursing Officers, Officers in the Territorial Army and also Civilian Gazetted Officers of the Military Engineering Services serving with Army units and formations located in the field area are maintained on the Individual Running Ledger System by the C.D.A.(O) Pune. Under this system the pay and allowances and other pecuniary benefits to which these officers are personally entitled to under the relevant rules orders etc. are credited in the Individual Running Ledger Accounts (IAFF 1017) maintained for each officer. Similarly all authorised deductions are debited in the IRLA. These IRLAs are closed at the end of each month and the net amount due to the officers is remitted to recognised Bank nominated by the Officers. Officers serving in the Field / Operational area or an area where normal banking facilities to cash Bank cheques do not exist would, however, be allowed to draw advances within their net entitlement on Advance of Pay Book (IAFF 1034) from the field cashier.

429. Procedure relating to Pay Accounting followed by CDA (O) is detailed in DAD OM Part-IX as well as in Section - II Chapter - VIII of FR Part-II.

430. CDA (O) Pune is responsible for:

- (i) Audit and payment of Pay & Allowances and all personal claims, including Travelling Allowances and Leave Travel concessions of all Army Officers including MNS, TA and also civilian gazetted officers of the MES serving with Army units and formations located in the field areas.
- (ii) Acts as the Financial Adviser to Headquarters of all commands and their lower

- formations in all matters of Pay & Allowances including Travelling Allowances and LTC of all commissioned officers of the Indian Army.
- (iii) Maintaining an up-to-date Army list and audits draft gazette notification pertaining to Army Officers.
- (iv) Processing pension papers of retiring Army Officers and forwards such papers to the Principal Controller of Defence Account (Pension), Allahabad.
- (v) Maintaining residual pay accounts of retired Army Officers in Archives section and renders all assistances to such officers as called on for.
- (vi) Supply of funds to field cashiers in the field areas and the audit of the cash accounts rendered by them.

Organisational set up:

431. (i) The office of CDA (O) Pune is organised in wings. Each wing has various sections and each section has groups

(ii) The Major Wings and Sections in the office are:

- (a) Ledger Wing (LW) with 18 Sections - LW -1 to 18.
- (b) Transportation Wing ("T" Wing) with 11 Section - T -1 to 11.
- (c) Electronic Data Processing Section.
- (d) Administration and Administration Pay section.
- (e) Technical Section
- (f) Archives Section
- (g) Disbursement Section
- (h) Accounts Section
- (i) Record Section

(iii) Apart from this there are various cells such as Nominal Roll cell, Armed Forces List Cell, Rent Cell, LIC Cell and DO-II Cell.

Ledger Wing

432. (i) This is the wing where the Individual Running Ledger Accounts (IRLAs) of all serving Army officers are maintained.

(ii) The CDA (O) Account numbers allotted to all Army Officers corresponds to the IRLA and File number is maintained in the ledger wing. The first two digits of the CDA (O) account number refers to the section in the ledger wing, which deals with the officer's IRLA. The next three digits pertains to the task holder who actually maintains the IRLA. The next six digits are a chronological number allotted when opening the officers Pay account. This is followed by an alphabet which is a check digit used in validation during computer processing.

(iii) There are 18 sections in ledger wing, three groups in each section and six auditors in each group. Quoting one's CDA (O) account number in all correspondence and on all bills and claims helps the document reach the dealing task holder quickly.

(iv) The ledger wing is responsible for

- (a) Maintaining all entitlements of army officers in their IRLAs.
- (b) Maintaining Defence Services Officers Provident (DSOP) Fund Account.

- (c) Adjustment of Rent Bills, Field cheques and Income Tax Demand or Refunds.
- (d) All types of personal allowances due to officers including reimbursement of House rent, Furniture charges, City Compensatory Allowances, Transport Allowances, and Tuition Fee etc.
- (e) Authorisation and payment of allowances such as Technical pay, Specialist Pay, High Attitude and various types of Field Allowances

433. (i) The CDA (O) commences payment of pay and allowances to newly commissioned officers from the date of grant of commission based on the following documents

- (a) Government sanction for grant of commission.
- (b) Commissioning order issued by the appointing authority.
- (c) Units Part-II orders notifying the date of reporting.
- (d) Form 'A' of Appx 'A' to AO 41/83, showing full particulars of the officer, and full details of the banker nominated by the officer.

(ii) The IRLA is opened in the Ledger wing, CDA (O) account number intimated to the officer and initial pay fixed with reference to the terms and conditions of the service. From then on all entitlements due to the officer due to casualties are posted in the IRLA based on Part-II orders received from the units the officer is serving in.

434. The function of the ledger wing section:

- (a) Fixation of pay on first commission, re-employment, reversion from deputation / secondment.
- (b) Cessation of pay on retirement / release / death /invalidment / secondment/ deputation to civil department.
- (c) Fixation of pay on promotion / reversion.
- (d) Increments of pay.
- (e) Audit and payment of all claims related with pay and allowances except TA / DA & LTC.
- (f) Terminal Gratuity claims.
- (g) Claim for verifying broken periods of previous service to reckon for pension.
- (h) Rendition of Full Pay Commissioned Service Certificate to Pr. CDA (P) Allahabad in respect of officers proceeding on retirement / release / death / invalidment.
- (i) Despatch of Form No.16, DSOP Fund Statement, IT Declaration Form and Statement of Accounts.
- (j) Payment of Territorial Army Officers and Defence civilian officers posted to Field / Operational areas.
- (k) Recovery of Licence Fee and allied charges, Income Tax.
- (l) Payment of Officers serving abroad.
- (m) Payment of advance for purchase of motor conveyance, HBA, advance of pay on transfer / leave salary.
- (n) Compensation for loss of kit, clothing etc.
- (o) Reimbursement of medical charges for out-patient treatment in civil hospital.

- (p) Officiating Commanding Allowance: NCC Officer.
- (q) Study allowance to officers granted study leave.
- (r) Army Group Insurance Fund.
- (s) Army Officers Benevolent Fund and Children Education Fund.
- (t) DSOP fund Account.
- (u) Remittance of Family Allotment by Money Order and Maintenance Allowance.
- (v) Preparation of expenditure statements connected with Aid to Civil Powers.
- (w) Transfer of non-effective IRLAs to Archives section.
- (x) Scrutiny and audit of Part-II Orders, Army Orders and Draft Army Orders, Draft Gazette notification and Gazette notifications.

435. The following sections form part of the Ledger Wing:

- | | | |
|----------------|----------------|--------------|
| a) Rent cell | b) D.O.II cell | c) N.R. cell |
| d) A.F.L. cell | e) LIC Section | |

Rent Cell (From October 2001)

436. The Rent cell has been entrusted with the responsibility of all the action on the Licence Fee Bills. The broad duties and responsibilities of the Rent Cell:-

- (i) Receipt of LF Bill from 'R' Section and acknowledgement thereof to AAOs BSO.
- (ii) Sorting AAOs BSO-wise and scheduling to EDP Centre.
- (iii) Checking of edit list with reference to LF Bill and proposing updates if any.
- (iv) To confirm the correctness of debits and credits of rent and allied charges.
- (v) Preserving the original licence fee bill in the section AAO BSO-wise.
- (vi) Correspondence with Army Officers and AAO BSO concerned.
- (vii) To receive and process Income Tax Refund / Demand Memos.
- (viii) To receive and process barrack damage voucher.

D.O.II Cell (From October' 2001)

437. (i) Part-II orders received from Record Section will be sorted in DO-II cell into 'A' (financial), 'C' (non-financial) and 'B' (financial-claims) category on daily basis. After certificate audit in the cell, Part-II orders will be forwarded to EDP in batches for Data Entry and Validation. EDP will first carry out fixed validation of Part-II orders in coordination with D.O.II cell. EDP will generate Edit list of all Part-II orders for correction of Data Entry errors or omissions. Authorisation Slip (AS) will be generated for all 'A' type Part-II orders which have been validated. A top list along with all Part-II orders and A.S. as well as calculation sheet will be sent to EDP for the purpose of fixed validation on day to day basis and generate top list of such claims and send to L.W. through D.O.II cell. L.W. will carryout the audit of such claims and will intimate the amount of credit through the regular inputs.

(ii) Cases where Part-II orders notifying grant of Acting Promotion / Instructional Allowance are received, however, the relevant strength returns are not received till last day of the following month the Part-II orders will be rejected by D.O cell.

438. D.O cell and EDP will admit the Compensatory Field Area Allowances (CFAA) / Compensatory Modified Field Area Allowances (CMFAA) and Special Compensatory

Counter Insurgency Allowance (SCCIA) based on the revised Part-II orders (indicating no. & date of Corps' notification). EDP will generate corps-wise and unit-wise list of officers granted Field Area Allowances / SCCIA on the basis of Part-II orders for each quarter. The list will be audited with reference to Corps' notification for each quarter by Technical Section. In cases where unit / officers are not authorised for the allowances admitted, Technical Section will instruct ledger wing to recover the allowances from the officer.

Nominal Roll Cell (From 1/1/97).

439. The N.R. cell was opened for Receipt and Scale Audit of IAFF 3008 i.e., Strength Return or Nominal Roll. The functions of NR cell are:

- (a) to maintain the file unit-wise / corps-wise and to watch the continuity of the nominal Rolls received and to update the PE / WE.
- (b) to conduct the scale audit of nominal Rolls half yearly as laid down in Para 151 of Defence Audit Code and Para 166 of O.M. Part-IX.

A Scale Audit Register is maintained in NR cell for watching the progress of scale Audit.

Armed Forces List Cell

440. This cell is responsible for audit of Draft Gazette Notification in connection with:

- (i) Appointments
- (ii) Promotion / Demotion
- (iii) Secondment
- (iv) Ante-date
- (v) Forfeiture of service.
- (vi) Award of punishment
- (vii) Dismissal, removal, Cashiered
- (viii) Pre-Retirement, superannuation etc.

Audit of Army list, extracting of Draft gazetted notification to section and extracting of printed gazettes (if required).

LIC Cell

441. This cell deals with insurance policies on a subscriber's own life financed from the DSOP Fund. The scheme was introduced in 1976. Maximum 4 policies can be financed by Army Officers from DSOP Fund.

Transportation Wing

442. (i) The 'T' Wing is responsible for the payment of Travelling Allowances and Daily Allowances to Army Officers. This wing deals with TA/DA claims on Permanent Transfer, Temporary Duty and also Leave Travel Concession claims of Army Officers.

(ii) The 'T' Wing also post audit Railway warrants, Form 'D' and Form 'G' received from various Railway Audit Offices. Audit of Railway Warrants covers two aspects. First aspect covers scrutiny of Railway warrants to ensure that Railways have charged the Defence correctly with reference to the schedule of rates. Second aspect covers scrutiny of Railway warrants to see that the expenditure incurred by issuing authorities is a bonafide Government charge authorised under Rules. While conducting general scrutiny of the vouchers this aspect could broadly be covered as the selection of Railway warrants,

Concession vouchers for general scrutiny is not subject to any prescribed percentage.

Scope of Audit

Railway Warrants

Upto Rs. 1000 /-	general scrutiny
Rs.1001 to Rs.2000/-	30%
Rs.2001 and above	100%

MC Notes

Upto Rs.1000/-	general scrutiny
Rs.1001 to Rs.4000/-	20%
Rs.4001 and above	100%

(iii) Claims passed for payment of amounts exceeding Rs.3000 are paid to the officer through cheques to the nominated bankers. In respect of other claims 'T' Wing issues necessary intimation to concerned LW Section for credit/debit of the amounts in the IRLA.

Disbursement Section

443. The 'D' Section arranges for issue of cheques including computer-generated cheques. In order to avoid all normal manual work involved, it has since been decided to introduce the "Electronic Clearance Services" (credit clearances) for disbursement of salary through ECS to officers posted at New Delhi, Pune, Secunderabad, Hyderabad, Bangalore and Chennai. The ECS envisages that the CDA (O) has to provide full details in the format prescribed by RBI of the transaction in a floppy to the National clearing cell of the city through the sponsor Bank. Role of various sections in the ECS is detailed in *Annexure 'A'*.

Accounts Section

444. Accounts section provides accounting and financial information to CGDA's office, the Ministry of Defence, (Budget) and to G.S. Branch Army Headquarters. The section provides accurate figures regarding payments made for preparation of the financial accounts of the Defence services. The section is responsible for the maintenance of Debt, Deposit and Suspense Registers, their reconciliation and prepares the Review of Balances. Accounts section is also responsible for making available funds to Field Cashiers and for watching and auditing the receipt of daily cash accounts from the Field Cashiers.

Records Section

445. The Records Section receives and distributes all inward dak and despatches all outward dak. This section contributes to the efficiency of the office by maintaining an up to date library of manuals and codes.

Archives Section

446. (i) This section looks after and finally settles the Pay and Provident Fund Accounts of Army Officers becoming non-effective.

(ii) DSOP Fund in respect of officers retiring from service are finalised by the Fund Cell of this section. The Archives section also maintains the IRLA of officers who are

on deputation to other Departments.

(iii) In case of officers who are due to retire the Archives Section on receipt of retirement orders from Army HQs obtains Full Pay Service Certificate and in consultation with the ledger wing prepares the Last Pay Certificate-cum-Data sheet which is sent to the office of the Principal Controller of Defence Account (Pensions) Allahabad for issue of Pension Payment Order (PPO).

Technical Section:

447. (i) The Technical Section reviews and where necessary, revises procedures in the matter of fixation, drawal and disbursement of pay and allowances of army officers. This section is also responsible for internal audit of the work of the other wings and sections and regularly submits to the CDA the results of such reviews conducted by it.

(ii) Complaints and grievances received from army officers, as also references from army officers seeking advice are looked into by the Advisory-cum-complaint cell of this section.

(iii) All Government orders relating to Pay and Allowances of Army Officers are received centrally in this section, which after examining the implication and procedures required, issues instruction for their implementation to the other wings and sections in the form of an instructional order (I.O.). Technical section also maintains up to date orders and manuals relating to all aspects of Pay and Allowances and TA/DA due to Army Officers.

(iv) A Review Group functions along with Internal Audit group of Technical section to ensure that IRLAs are maintained properly by Ledger wing sections and timely and correct admittance of pay and various allowances are made.

Electronic Data Processing Section:

448. (i) The EDP Centre functions under EDP Manager assisted by Programmers, Data Processing Assistants and Data Entry Operators.

(ii) The objectives of computerisation of Army Officers Pay Accounts are:

- a) Prompt & accurate adjustment of various credits, debits in IRLA of Army Officers.
- b) Monthly closing of IRLAs.
- c) Arriving at Monthly remittance of pay due. Printing of cheques and cheque slips.
- d) Generation of monthly IRLA and Statement of Account.
- e) Maintenance of DSOP Fund Account, Loans and Advances Muster of Army Officers.
- f) Issue of current cheques for TA/DA credit and Income Tax refund exceeding Rs. 3000 / -.
- g) Generation of Punching Media for monthly IRLA, Field cheques, CDA 13(large), CDA 13(small) and cheque issued by EDP centre.

(iii) The EDP Section provides full computer support to the rest of the office. The EDP Section also remits salaries of officers posted at New Delhi, Pune, Secunderabad, Hyderabad, Bangalore and Chennai through the Electronic clearing service.

Administration Section

449. This section serves the requirement of personnel management and payment to officers and staff in the office of CDA (O). A PRO Cell functions under Administration section for providing first hand information about the pay accounts.

Regional Training Centre:

450. The Regional Training Centre, Pune is functioning under the administrative control of CDA (O). The objectives of the centre primarily are:

- (i) to impart departmental training to the IDAS probationers.
- (ii) to impart training to group 'B' 'C' & 'D' staff of the DAD in the Western Region to enhance their professional knowledge and skill thereby to provide basic support to the HRD activities of the Department.
- (iii) to develop training modules and design courses for the participants with the approval of Training Division of CGDA's Office.

Audit

Drill

451. (i) All the IRLAs maintained should be audited in the course of a few years. To ensure that all the IRLAs are audited, a register to note the particulars of IRLAs audited in each cycle should be maintained. The test stamp should be affixed with dated initials of the Auditor / Sr. Auditor just below the entries audited.

(ii) While the rank held by an officer is shown in the Armed Forces List subsequent promotion and reversions are shown in the Part-II Orders. In the case of a newly commissioned officer whose name has not yet come in the Armed Forces list it should be seen that the grant of commission has been notified in the Gazette of India and that the particulars have been noted in the IRLAs.

(iii) It should be seen that the changes in ranks are notified in Part-II orders issued by the Army Headquarters and that the officers pay and allowances correctly fixed at the appropriate rates w.e.f. the date of promotion and reversions.

(iv) The amount credited to the officer should be checked with reference to the entitlements shown in the audit cage. For checking the debits it should be seen that.

- (a) Income tax, compulsory fund and other deductions are made as per instructions received from time to time.
- (b) Licence Fee recoveries are made at the appropriate rates with reference to L.F. Bills. If Licence Fee recovery is not made in any month, reference to previous months Licence Fee bills should be made to ensure that the officer had vacated the quarters in the month. Otherwise enquiry should be made for the non-recovery .

(v) (a) When Government quarters are not available the officers are permitted to hire accommodation from private party /own house. It should be seen that re-imburement of house rent is admitted after deducting rental liability under the provisions made in the Government order issued from time to time.

(b) Army officers are entitled to HRA w.e.f. 21/11/97 on the same scales as notified for the civilian vide Ministry of Finance OM No.2 (30) /97-EII (8) dated 03/10/97,

when accommodation under existing arrangements cannot be provided subject to conditions stipulated in Ministry of Defence letter No.1(5)/97/D(Pay/Services) dated 21/11/97 as modified vide letter No.10(55)/98/ D(Q&C) dated 29/9/99. It should be ensured in audit that HRA has been admitted to officers only on fulfilling the conditions for the grant of HRA.

(vi) It should be ensured that all field cheques (which are machine numbered consequently) on which advances are drawn have been properly debited in the IRLA. If a cheque bearing previous serial number is not debited in the IRLA it should be seen that the missing cheque has been cancelled.

(vii) When an IRLA is closed and last pay certificate issued, all demands against the officer, which are not adjusted through, the IRLAs are correctly intimated to the Accounts Office to which the last pay certificate is issued and an acknowledgement is obtained. It should also be seen that all such demands are noted in a Demand Register and items are cleared only after receipt of acknowledgement.

(viii) The DSOP Fund Accounts of Army Officers have been computerised. Closing of DSOP Fund, loans and advances every month and reflecting the balance in the IRLA etc are done on the computer. DSOP Fund Annual Statements are generated on the computer after closing the Account at the end of financial year duly calculating interest for the year. The general principals of audit of these accounts are laid down in the chapter on Fund Accounts. The rates of subscription vary according to pay and it should be carefully seen that the rates recovered are within the minimum and maximum limit laid down under rules.

(ix) At the time of audit of LW Section it should be ensured that the CDA -13 (small) vouchers and CDA – 13(large) vouchers for the selected month pertaining to the particular section are received along with the D.P. sheets. The selected vouchers should be traced into the IRLAs, which should be agreed with the figures of the cheques drawn appearing in the consolidated P.M.

(x) During the detailed audit of section, all payments made by current cheques as per D.P. sheets should be traced into the IRLAs.

(xi) During the audit of Disbursement section all items in Schedule - III should be traced into the D.P. sheets & the amount compiled by EDP against various L.W. Section should be reconciled with Schedule - III.

(xii) **Leave:-** All Part-II orders for a quarter should be generally examined to see that selected notifications have been properly adjusted and that the period and kind of leave notified and availed of are noted in the space provided for the purpose in the IRLA and that the leave granted is in accordance with the rules and the limits prescribed thereon.

(xiii) **Scale Audit :-** The check of actual strength of a Unit / Formation as against the establishment authorised in the war/peace Establishment with reference to the Nominal Rolls submitted by the Unit / Formation is known as Scale Audit. While carrying out Scale Audit it should be ensured:-

- (a) Whether the total number of officers shown on the posted strength in the strength return is within the total number of officers authorised for the Unit / Formation.
- (b) That the total No. of officers from Lt. to Major (Lt. Col. in the case of AMC) shown as on effective strength of the unit / formation does not exceed the total number authorised for that Unit/ Formation.
- (c) Check and verify that no officer holding higher acting rank is held against the lower appointment. See that the total number of officers in a particular

rank exceeds the authorised complement in that rank, none of them is holding the rank in an acting capacity. In case it is noticed that any of the officers are holding acting rank, suitable action for reversion of junior most officers among them is taken so as to bring the actual strength within the authorised number in a particular rank. Posts tenable in alternative rank should be counted as appointment in the lower of the alternative rank.

- (d) If an appointment is tenable in the alternative ranks, ensure that the higher alternative rank is allowed only in substantive rank and not in the acting rank.
 - (e) Take out the IRLA of the officer serving with the Unit / Formation and verify them with the strength return to ensure that they are not being admitted pay in the rank higher than that shown in the strength return and that the position depicted in the strength return is generally correct.
 - (f) If any discrepancy is noticed in regard to rank the affected IRLA, case files are scrutinised to see where corresponding casualty return have been received.
 - (g) Ensure that officers who are on course of instruction of 10 weeks or more are shown separately.
 - (h) If the officers are in hospital/on sick leave, their names are continued to be shown in strength return(s) with suitable remarks.
 - (i) In case any of the officers have gone on staff attachment ensure that they are continued to be held on the posted strength against the appropriate appointment.
 - (j) In the case of an officer placed under open or close arrest or suspended from duty or attached to another unit for disciplinary purpose under AI 30/86 it is to be ensured that the officer will be struck-off the strength of his unit/formation and held supernumerary to the establishment and will retain the acting rank for the aforesaid period. Acting promotion in their place up to and including the rank of Col. will be made from the date they are struck off the strength subject to assessment to be made in each individual case that the period of attachment is likely to exceed six months.
- (xiv) (a) Debits for the demands like licence Fee Bills, Statement of Water & Electricity Charges, loss statement etc. received in Rent cell should be traced into the IRLAs concerned.
- (b) In respect of LF bills / statement of recovery of Water & Electricity returned by CDA (O) as not pertaining to his office, it should be ensured that acknowledgements from the AAOs have been obtained.
- (c) Details of LF Bills / Statement of recoveries for Water & Electricity issued by AAO BSO collected during local test audit of the accounts of B.S.O. (Revenue) are sent for verification. These should be verified for debits in the IRLAs of concerned officers.
- (xv) During the audit of Field 'cashier sub-section, it should be seen that :
- (a) The amount drawn by field cashier does not exceed the cash assignment.
 - (b) The opening cash balance of daily cash account agrees with the closing cash balance of the previous days account.

- (c) The amount received and disbursed by the Field Cashier has been correctly accounted for in the daily cash Account and are supported by relevant vouchers.
 - (d) The amount accounted for as receipts in the daily cash account agrees with the amounts drawn from the banks/treasuries as intimated by them.
 - (e) The closing cash balance as reflected in the daily cash account is correct and does not exceed the maximum limit fixed by the Division Commander.
 - (f) A complete reconciliation of the amount compiled to code No.O/018/61 is carried out.
- (xvi) The TA / DA / LTC Claim of Army officers should be audited as indicated in the chapter on "Transportation Section" of CDA's office.
- (xvii) ***Audit of accounts of released personnel:***
- (a) The IRLAs of released officers retiring from services should be subjected to pre-audit (i.e. before final payments are made) as per prescribed quantum.
 - (b) In cases of accounts of released officers finalised with debit balances, it should be ensured that debit balances are correctly intimated to the PCDA (Pension) Allahabad for recovery from the pension of the officer and acknowledgement obtained.
- (xviii) ***Audit of Terminal Gratuity Claim:***
- (a) Terminal gratuity claim are payable to short service commissioned officers and emergency commissioned officers of the Army on satisfactory completion of the contract period of service.
 - (b) In auditing these claims it should be ensured that:
 - 1) The officer has completed the requisite number of years of paid commissioned service.
 - 2) The above service is certified as satisfactory by the Competent Administrative Authority at AHQ.
 - 3) The officer is not a permanent Civil Government servant or an employee of Corporation / PSU to whom employers share of contributory Provident Fund is payable from Defence Services Estimate.

ANNEXURE-A

Role of various Sections in the ECS

(A) EDP Section

- 1) to prepare the remittance file on magnetic media i.e. floppy in the format prescribed by RBI and sends the same to 'D' Section for onward transmission to National Clearing Cell through the sponsor bank.
- 2) to generate a print out of the remittance file branch-wise, bank-wise and bank-wise control of total number and value of transaction and hand over to 'D' Section and Accounts Section.
- 3) to rectify, on receipt of data validation report from national Clearance Cell through sponsor bank which will be received through 'D' Section, errors if any. The validated

copy of floppy together with a print-out in case of any changes will be handed over to 'D' Section. A copy of print out will also be given to Accounts Section and S.S L. H.

4) to ensure that there are no duplicate record i.e. the personal number/CDA(O) A/c No. and name of the army officer shall appear only once.

(B) Disbursement Section

1) Receive the remittance file on floppy from EDP Section together with a copy of bank-wise control on total number and value of transaction and also a print out of the remittance file with full particulars of Army Officers to whom remittance pertains.

2) To draw a cheque in the name of the sponsor bank for the total consolidated amount (this applies only when the sponsor bank is other than RBIs). In case of RBI there is no need to draw a cheque for consolidated amount.

3) To seal the floppy of remittance file and send the sealed floppy (together with the cheque for the consolidated amount) to the sponsor bank if it is other than RBIs along with a covering letter in the format specified, specifying total number and the value of records, duly signed by authorised cheque signing officer.

4) To give a copy of covering letter as per prescribed format, to Accounts Section for linking with debit scroll.

(C) Ledger Section

1) S.S.L.W. will receive a print-out of the monthly remittance file from EDP.

2) S.S.L.W. will receive intimation from Accounts Section regarding the un-credited amount, if any.

3) On receipt of intimation from Accounts Section, S.S.L.W. will verify whether cheque for the un-credited amount is received in respect of transactions other than RBI. In respect of RBI transactions, no MROs will be received, but the intimation alone will be received from Accounts Section.. Simultaneously action will be taken to issue a fresh cheque to concerned

officer's bankers centrally by SS LW Section. The MROs in respect of transactions other than RBI as and when received for the ECS, un-credited amount will be adjusted and forwarded to Accounts Section.

4) In case of any other complaint relating to non-receipt of remittance, ledger Section will issue letters/telegrams as per prescribed formats. In no case provisional payment should be made.

5) S.S.LW Section will intimate the concerned ledger Section for noting the issue of fresh cheque in the statement of Account with red ink alongwith the Cheque No. and date.

(D) Accounts Section

1) To receive a copy of covering letter from 'D' Section for linking with debit scroll. This applies only when the sponsor bank is RBI.

2) To receive one copy of print-out of the remittance file and a copy of branch-wise control on total number and value of transaction.

3) To receive the settlement report furnished by the National Clearing Cell through the sponsor bank.

4) To watch for adjustment of MRO for un-credited amount when the bank is other than RBI. In respect of un-credited amounts of RBI, prescribed procedure will be followed.

5) To verify the debit scroll for consolidated cheque when received from bank.

6) To intimate rejected items/un-credited item if any received from sponsor bank to SSLW and cheque received from sponsor bank for un-credited amount in respect of transactions other than RBI be handed over to 'R' Section for preparation of MRO.

7) No cheque will be received for un-credited items, when the sponsor bank is RBI. Un-credited amount will be credited to Government account by concerned PAD and credit scroll will be received for this amount in Accounts Section.

CHAPTER 22

FUND ACCOUNTS

Types of Provident Funds

455. (i) Provident Fund in vogue on the Defence side are either non-contributory or contributory as indicated below:-

(a) Non-contributory Provident Funds:

1. Defence Services Officers Provident Fund (DSOP Fund)
2. Armed Forces Personnel Provident Fund (AFPP Fund)
3. General Provident Fund (Defence Services) (GPF (CS))
4. General Provident Fund (Central Services) (GPF (CS))

(b) Contributory Provident Fund

1. Indian Ordnance Factories Workers Provident Fund (IOFWPF)
2. Indian Naval Dockyard Workmen's Provident Fund (INDWPF)

3. Indian Ordnance Department Provident Fund (IODPF)
4. Contributory Provident Fund (India) 1962 (CP Fund (I) 1962)

Note:

- 1) Officers and personnel of the Defence Accounts Department are governed by the GP Fund (CS).
- 2) Subscribers from the Ministry of Defence and Ministry of Defence (Finance) are governed by GP Fund (CS)

(ii) Non-contributory Provident Funds are meant for pensionable employees, while Contributory Provident Funds are meant for employees who are not eligible for pensionary benefits and in respect of which Government makes matching contribution.

456. Authorities Maintaining the Accounts.

CDA (O) Pune	DSOP Fund Accounts in respect of Army Officers.
PAO (ORs) under all regional PCsDA/CsDA (vide CGDA New Delhi letter dated 5.1.1995)	AFPP Fund Accounts in respect of JCOs/ORs/NCsE of the Corps/ Regiments concerned.
CDA (Funds) Meerut	GPF (CS), IOFWP Fund and Contributory Provident Fund (I) in respect of all civilian subscribers (incl. Officers) from the Army and GPF (CS) in respect of all DAD personnel.
CDA (Navy) Mumbai	GPF (CS) and INDWP Fund in respect of all civilians (including officers) serving in the Navy.
IN Pay Office, Mumbai	DSOP Fund, AFPP Funds in respect of Service Officers and personnel of the Navy.
Air Force Central Accounts Office, New Delhi	DSOP Fund, AFPP Fund GPF (CS), CP Fund (I) IOFWP Fund in respect of all service and civilian officers, and personnel of the Air Force.

CDA Headquarters New Delhi	Fund Accounts of Defence Civilians (Gazetted and Non-Gazetted), Armed Force HQrs Inter Services Organisation and that of Ministry of Defence and Defence Finance Secretariat.
CCDA (Factories) Kolkata	GPF (CS), IOFWPF, IODPF & CPF(I) in respect of subscribers from Ordnance and Clothing Factories and attached Inspectorates and R&D Formations.
PAO, GREF Pune under CDA (BR)	GPF (CS) in respect of GREF personnel under their payment.

Note : Provident Fund Accounts maintained by the IN Pay Office Mumbai and Air Force Central Accounts Office, New Delhi are subjected to internal audit by CDA (Navy), Mumbai and DCDA (AF) New Delhi respectively.

Objectives of the Provident Fund Offices/ Sections.

457. Objectives of the Provident Fund Offices/Sections are:-

- (i) maintenance of PF accounts correct and complete in all respects and timely issue of annual account slips to subscribers.
- (ii) expeditious payment of claims on account of advances/ withdrawals, wherever such claims are paid by Fund Sections/ Offices.
- (iii) Prompt settlement of claims on subscribers becoming non-effective.

Admission to the Funds

458. The eligibility of an individual to be admitted to the Provident Fund applicable is determined with reference to provisions of the rules relating to the relevant funds issued by Government as amended from time to time. Eligible applicants are required to submit application and nomination forms as prescribed, to the authority maintaining the accounts and only on receipt of the Account Number, which is allotted by the authority maintaining the accounts, shall subscriptions to the fund be recovered. Account Number allotted from out of the block numbers allotted to the concerned CDA/PCDA by JCDA (Funds) are entered in the Index Register maintained for the purpose. Nomination in the relevant forms received after prescribed scrutiny will be kept on record by Provident Fund Accounting Authority in safe custody after noting in the Index Register of Nomination forms. Detailed procedure in this regard is indicated in the relevant Fund Rules.

459. Rules governing the conditions, rates and realisation of subscriptions to the various Funds are contained in the relevant fund rules. The rules provide for the minimum subscription to be realised, the number of times up to which the subscriptions can be increased or decreased during the accounting year. Provisions governing temporary advances, part final withdrawals, payment of interest, method of calculation of matching contribution in respect of Contributory Provident Fund, Deposit Linked Insurance are also dealt with in the relevant Provident Fund Rules. Detailed procedure followed by Provident Fund Accounting authorities/ Pay Accounts Officers are contained in the relevant Defence Accounts Department Office Manuals (Part V for JCDA Funds, Part IX CDA (O), Part VI for CDA (Factories) Part VII for CDA (N) Part XII for CA (Factories) Part XIII for GREF Accounts and Part III for CDA (AF).

Audit Procedure

460. (i) In respect of GPF Accounts maintained by the JCDA (Funds) the fund schedules are not sent in all cases for posting in individual ledger cards. Fund Group in Pay Section (where functioning as such) send GPF Schedules, DV no.-wise monthly, every 25th of the following month of compilation to the Fund Cell attached to the Distributed Data Processing Centre. Fund Schedules after verification and comparison with the printed compilation are batched, keyed in on magnetic tapes by EDP centres, validated against Master File, resulting in printing of Edit Lists and schedules and reconciled edit lists prepared. Data processed on a monthly basis are subjected to review run and taped. Quarterly validated tapes are forwarded to JCDA (Funds) for bringing out the output file, to be given for punching with all details known as broad sheets, from which Annual Statement of Accounts (CC 09) are printed. Processing of schedules by Fund Cells and rectification of errors in Edit lists to ensure proper accounting under correct GPF Accounts should be verified in test audit where fund cells function as brought out in para 243 of Chapter 11 relating to Pay Section.

(ii) The reports sent by DDP/Fund Cells relating to (a) report on wanting schedules (b) report on progress with reference to time schedule and (c) report on rejections should be scrutinised to find out how such cases have been finally dealt with and how far the procedure adopted for fund accounting had been effective.

461. The points to be seen in statutory audit of the various fund accounts are:

- (i) The personal ledger cards are posted with reference to recovery schedule, payment of temporary advance, received from Controllers (where applicable) and that schedules are complete in all respects. The entries in the schedules in a certain percentage of cases should be traced in full into relevant fund ledger cards.
- (ii) Amounts of recovery schedule agree with the printed compilation of relevant fund account head and that schedules are prepared in the prescribed form and in the prescribed manner.
- (iii) Changes in rates of subscriptions are supported by change statement. Rates of subscription are allowed to be enhanced as per orders on the subject and that reduction, if any, is allowed only once subject to the minimum rates of subscription being maintained.
- (iv) Opening and closing balances are correctly brought forward.
- (v) Interest calculations have been made correctly.
- (vi) Payments on accounts of Deposit Linked Insurance claims are made in cases of death of subscribers while in service in respect of subscribers who had put in five years of service at the time of death. It should be seen that minimum balances prescribed for the relevant group to which the subscriber belonged for the three years preceding the date of death had been maintained and payments subject to a maximum of Rs. 30,000/- are made based on the

average balance worked out for a period of 36 months taken backwards from the month preceding the month in which the death occurred. Such payment in respect of subscribers to contributory provident fund is worked out with reference to the subscription of the employees with interest thereon exclusive of the Government contribution.

- (vii) Recoveries on account of refund of temporary advances are made regularly and such refunds linked to debit of temporary advances.
- (viii) Debits on accounts of part final withdrawals have been made correctly and sanction therefor had been accorded by the competent authority and the purpose for which such sanctions had been accorded are covered.
- (ix) Cases of final payments should be scrutinised to ensure that:
 - (a) details in respect of death, retirement, dismissal, discharge etc. are intimated without loss of time and any supplementary information required is furnished expeditiously so that no unnecessary payment of interest is involved.
 - (b) payment are made in cases of death to persons entitled to receive the same and safeguards envisaged are followed.
 - (c) payee's receipts are received and verified as prescribed in cases where these are required to be sent to J.C.D.A. (Funds).
- (x) Consolidated summary of broad sheets agree with compiled actuals and that a certificate in this regard is recorded in the summary and discrepancies dealt with through Register of Objection to finality.
- (xi) Index register is maintained properly and nominations kept in safe custody are verified once in three years and fact of verification recorded in the Index Register.
- (xii) Missing credits/debits have been examined and appropriate action taken with authorities concerned for correct accounting.
- (xiii) Schedules rejected by computer for various reasons are examined and appropriate action taken for rectification of errors.
- (xiv) Minus balance cases are effectively examined by the Fund Accounting authority with a view to ensuring that no overpayment had occurred.
- (xv) Minus balance cases do not arise due to incorrect accounting or due to mixing up fund accounts.
- (xvi) In respect of personnel on deputation to Civil/other departments, credits on account of recoveries of subscriptions, refunds etc. (and also Government contribution in the case of Contributory Provident Fund) are received either from the Civil Accountant General/ Pay and Accounts Officers through settlement Accounts or remitted direct by the subscribers (either through MRO or through crossed Cheques/Bank Drafts in favour of the Accounts Officer) if recoveries etc. are not made through emoluments or in the case of deputationists to Public Undertakings, Corporation etc.
- (xvii) It should be seen in audit that:-

The credits when received, are adjusted in the usual manner after verifying correctness of the amounts and linking the item in the "Register of

subscribers on deputation” and that wanting credits are watched through the “Register of subscribers on deputation” and called for promptly. All claims on accounts of advances/ withdrawals including those for payment of insurance premium in respect of subscribers on deputation will be dealt with by the Accounts Officer concerned. Payments are also noted in the ledger cards/ consolidated accounts concerned. It should be seen that the recovery of advances are watched through Demand Register (GPF –7) referred to at item 24 of Annexure ‘B’ to Chapter II of Defence Accounts Department Office Manual Part V (Funds), in the Office other than the Controller of Accounts (Factories) and through monthly printed statement in the case of Controller of Accounts (Factories).

Note : The instructions given in Para 396 of Chapter 20 will also be applied mutatis mutandis, during the audit of the accounts of subscribers.

IOFWP Fund

462. (i) These funds are for the benefit of the employees serving in the Ordnance Depots, EME Workshops, MES formations. The accounts relating to personnel serving in the Ordnance Factories are maintained by the CDA (Factories), Kolkata.

(ii) All recoveries on account of subscriptions, accounts of advances, if any, recoveries thereof, interest accrued are all recorded in the prescribed cards.

(iii) The ledger cards are posted from the IOFWP Fund Schedules which contain the full particulars such as name of the subscriber, Account No. amounts recovered, the period to which the deduction relates and whether it is on account of monthly subscription or advance etc.

(iv) The audit of these accounts should also be carried out with reference to relevant rules instructions contained in para 460 and 461 et seq should be borne in mind.

(v) In the case of industrial employees, subsequently confirmed, on electing to come over to pension it should be seen that the official’s own subscription with interest is correctly credited to his newly opened GP Fund Account and the Government portion with interest is resumed by Government

(Government of India, Ministry of Defence letter No. E18/1/68-1519 D(Civil) dated 14.2.62)

(vi) In the case of industrial personnel on transfer to non-industrial category and who on confirmation opt for pension, it should be seen that their cases were regulated in accordance with rules.

(vii) In the case of non-industrial employees transferred to industrial section their right to continue to subscribe to the GP Fund is correctly regulated under Government of India, Ministry of Defence letter No. 19(10)66/6088/D (Civ.II) dated 15.6.66.

Contributory Provident Fund (India) 1962

463. (i) The Contributory Provident Fund Rules (India) 1962 were published as SO 1311 of 15th March 1962 and came into being with effect from that date. The Contributory Provident Fund Rules (India) 1962 were extended to the Defence side with effect from 1.4.71 in substitution of the IOFWP Fund and INDWP Funds to such categories of employees, entering service on or after that date who were till then eligible for admission to the IOFWP Fund and INDWP Funds. Existing subscribers to the IOFWP Fund and INDWP Funds can also switch over to the Contributory Provident Fund (I) 1962 by option to be exercised within

stipulated date. Subscription at 1/12th of reckonable emoluments are taken as compulsory for purpose of admission of bonus and sums in excess of 1/12th of reckonable emoluments are taken as voluntary subscription and are to be shown separately in recovery schedules/ changes statements as these amounts do not qualify for admission of Government contribution.

(ii) It should be seen that amount of subscription is correct and that reduced subscription does not fall below the minimum of 10% prescribed under rules.

(Authority: MOPP GAP (DPPW) OM No. 20/15/-PS&PF/90 E dated 7th October 1992)

(iii) It should further be seen that Government contribution does not exceed the limits laid down. The interest rate of Government contribution is equal to that admissible on the amount of compulsory (including arrears) subscription made during the year.

(iv) The general rules amended from time to time governing the rate and adjustment of interest on deposits and balances contained in Rule 12 of the Contributory Provident Fund Rules (India) 1962 should be thoroughly studied.

CHAPTER 23

PENSIONS

464. (i) The Defence Accounts Department has a two-fold function as regards pension:-

- (a) Sanction of pensions
- (b) Audit of pensions

(ii) The work relating to the sanction of pensions under Pension Regulations applicable to the particular service in respect of Army, Navy and Air Force personnel and under Civil Services Regulations and Central Civil Services Pension Rules 1972 in respect of the Defence Accounts Department and civilian personnel employed in Ordnance Factories, Technical Development Establishments and Industrial Personnel employed in Defence Installation is done by the Controller of Defence Accounts (Pension) Allahabad, Controller of Defence Accounts (Navy) Bombay, Controller of Defence Accounts (Air Force) New Delhi as the case may be as per Government of India/ Ministry of Defence letter No. 5(2)/76/D(Pen/Ser) dated 28.6.85 and CGDA letter No. 5638/ATP dated 23.7.1985. The audit of pension payments under Pension Regulations and Civil Service Regulations is centralised in the Office of the Controller of Defence Accounts (Pensions) Allahabad.

(iii) Instructions contained in Pension Regulations for the Army Part I and II (1961) Pension Regulations for the Air Force Parts I & II (1961) Navy (Pensions) Regulations (1964), Appendix V to Pay & Allowances Regulations Air Force, Chapter VIII of Pay & Allowances Regulations Air Force, Chapter VIII of Pay and Allowances Regulations (Navy) and Government of India, Ministry of Defence letter No. 1(5)87/D(Pension/Services) dated 30.10.87 and Ministry of Defence letter No. 1(6)/98/D(Pension/Service) dated 3.2.98, Defence Accounts Department Office manual Part IV Volume-s I to V, Central Civil Services (Pension) Rules 1972, Central Civil Services (extraordinary pensions) Rules, Civil Pensions (Commutation) Rules published in Appendices 12 & 27 respectively of CSR Volume- II (Choudhary's Compilations – 1976) as amended from time to time should be carefully studied and intelligently applied.

(iv) The Pension Office is divided into two groups, viz., Pension Grants and Pension Audit.

Section – I Pension Grants

General

465. This group deals with all claims for pension (including gratuities, Jangi inams, Compassionate allowances) and computations of pensions as also amendments to and revision of existing awards of pensions and their notifications in pension payment orders, which constitute the authority for payment.

Class of pension

466. Defence Services Pension can be classified into:-

- (i) Pensions debitable to British Government
- (ii) Pension to Commissioned Officers, if any
- (iii) Pensions under the Civil Service Regulations Central Civil Services Pension Rules.
- (iv) Pension of Army, Navy and Air Force Personnel.

Submission of Pension Claims

467. The detailed procedure for the submission and disposal of applications for various classes of pensions and gratuities is given in Rule 20 of Pension Regulations for the Army, Part II (1961), Rule 20 of Pension Regulations for the Air Force, Part II (1961) (and Rule 162 of the Navy (Pension) Regulations (1964).

468. (i) Pensions under the first category are sanctioned by the authorities in the United Kingdom viz. Pay Master General or the War Office, London or the Department of Health and Social Security.

(ii) Subject to fulfillment of conditions under Government of India, Ministry of Defence letter No. 65/9585/D (Pensions/Services) dated 2.11.68 amended from time to time and exceptions mentioned in para 4 thereof, pensions to Commissioned Officers and the members of their families and all other pensions relating to Defence Services are sanctioned by the Controller of Defence Accounts (Pensions) Allahabad, CDA (Navy) Bombay and CDA (AF) New Delhi as the case may be.

Pension Payment Order

469. All pensions, whether sanctioned by the Government of India, the United Kingdom authorities or the Pension Controller, are notified in a Pension Payment Order which is a general authority for payment of all kinds of pensions. Amendments to the existing grants (if any) as well as the incidence of charges in respect of all pensions are also notified in these orders. Copies of pension payment order are sent to the pension payment officers.

Statutory Audit of Grants

Scope of Audit

470. Pension grants sanctioned by authorities in India, including corrigenda and addenda thereto are reviewed in statutory audit to the extent prescribed by the DGADS.

General Processes of Audit

471. It should be seen that the assessment of pension is correct with reference to the relevant rules and orders issued by Government from time to time. The allocation of pensions, as notified in the Pension Payment Orders should be checked. In the case of temporary pensions and pensions subject to certain conditions, it should be seen that the conditions of grant and the date of termination are correctly shown in the Pension Payment Orders.

Retiring/Service Pensions-Eligibility

I - Qualifying Service

- (a) (i) Commissioned Officer
- 20 years actually rendered & required (without weightage)
- (ii) Late Entrant – (i.e. Officer who is retired on reaching the prescribed age limit for compulsory retirement with 15 years commissioned service, qualifying for pensions, Late Entrant whose actual service rendered is less than 20 years)
-15 years (without weightage)
- (iii) JCOs/ORs including commissioning ranks of the Navy/Air Force granted Emergency/Short Service Commission
- 12 years (without weightage)
- (b) Personnel below Officer Rank (PBOR)
 - (i) 15 years (Without weightage)
 - (ii) 20 years (Without weightage in case of non-combatants (Enrolled))

Entitlement

II - Service Pension is calculated at 50% of the emoluments reckonable for pension, as defined in Paras 3&4 of Ministry of Defence letter No. 1(6)98/D (Pension/Service) dated 3.2.98.

Special Checks

472. (i) In the case of Retiring/Service pension it should be seen that:-
- (a) pensioner is governed by the regulations under which his pension has been sanctioned, that the period of service allowed to count towards pension was qualifying and that the rate of pension sanctioned is correct with reference to the period of qualifying service including weightage permissible (in respect of service officers who retire after 1/1/86) proportionate reduction is made if reckonable qualifying service is less than 33 years.
 - (b) in cases where pension of a particular rank is dependent on the minimum period of service in that rank, required service has been rendered.

- (c) where former service has been allowed to count towards pension, sanction to the service being so counted exists; and
- (d) in cases where the pensioner has rendered service under different Governments or departments a share of the pension proportionate to the length of service under those Government or Department has been charged to them wherever required under the rules.
- (e) In the case of new admission of pension, the same is paid from the date notified; any amount notified as recoverable in the PDO has been duly adjusted.
- (f) Temporary/Adhoc increase, where admissible have been paid at the correct rate and subject to the conditions laid down in Army Instruction No.66/57 as amended and Army Instruction No.19/S of 1963.

(ii) Retirement/Gratuity/Death Gratuity

It should be seen that retirement/death gratuity is admitted with weightage in service as prescribed in Government of India, Ministry of Defence letter No. 1(6)/98/D(Pension/Services) dated 3.2.98

(iii) Retiring/Service Gratuity

Retiring gratuity to permanent commissioned officers with a minimum period of qualifying service of 10 years (without weightage) admissible Service gratuity to personnel below officer rank (PBOR) including non-combatants (E) is payable as prescribed subject to rendition of minimum period of 5 years service (without any weightage). It should be ensured that Retiring/Service Gratuity had been admitted correctly.

(iv) Invalid Pension/Gratuity

It should be seen that an individual invalidated out of service with a disability neither attributable to nor aggravated by service is allowed an invalid pension equal to service element of disability pension permissible due to cases attributable or aggravated by service provided service rendered is ten years or more. If the service rendered is less than 10 years only invalid gratuity equal to half a month's reckonable emoluments for each six months period of qualifying service is admissible.

(v) War Injury Pension

Instructions contained in para 62 of Defence Accounts Department Office Manual Part IV Volume- IV and Government of India, Ministry of Defence letter No. 200847/Pen-C/71 dated 24.2.72 may be carefully looked into. In respect of persons retiring after 1.1.86, provisions contained in Ministry's letter No. 1 (5)/87/D(Pension/services) dated 30.10.87 apply and in respect of pensions retiring after 1.1.96 provisions contained in Ministry of Defence letter No. 1(6)/98/D(Pen/Ser) dated 3.2.98 apply.

(vi) Disability Pensions

Disability attributable or aggravated by Military Service is determined as per provisions of the Pension Regulations for the Armed Forces and the Entitlement Rules in force as amended from the time to time. Different cases of disability are broadly categorised under categories A to E as defined in Government of India, Min. of Defence letter No. 1(2)/97/D(Pension) dated 31.1.2001.

In the audit of disability grants it should be seen that:-

- (a) wound, injury or illness for which the pensioner was disabled has been certified by proper medical authorities to be attributable to military service and the total disablement is not less than 20%.
- (b) in the case of injuries due to accidents, the proceedings of the Court of Inquiry held to enquire into the cause of the injury, together with the views of the Brigadier or Area Commander as regards its attributability are attached to the claims;
- (c) where a disability is certified by a proper medical authority as not to have reached its final stage, the pension has been granted in the first instance for a period not exceeding two years. Where, however, medical authorities recommend that an individual should be reboarded after a period of less than two years it should be seen that the initial award of temporary disability pension is made for the lesser period only as prescribed in the Pension Regulations of the respective service. Should a competent pension sanctioning authority decide as a result of further medical examination of the individual for any purpose and finds that the disability is reduced or has disappeared or the individual has become capable due to visible improvement, the original disability pension which had been granted for life is modified correspondingly;
- (d) the rate of disability pension has been correctly allowed with reference to the percentage of disability assessed by the medical authorities and at the rates stipulated from time to time.
- (e) a pension is not continued beyond the original date of termination without the pensioner being examined by a fresh Medical Board and that they are reboarded on or about the original date (vide Instruction No. 3 on IAFM 1265);
- (f) constant attendant allowance at rates prescribed is sanctioned for the period specified by the medical board.
- (g) an individual invalided on account of leprosy and not entitled to a pension or gratuity under the regulations is granted only such gratuity as the competent authority decides, provided that the general spirit of the regulations is observed;
- (h) cases in which Controller of Defence Accounts (Pension) and the Medical Adviser posted to his office feel doubtful about entitlement or where there is disagreement between the two, are submitted to the Government of India, Ministry of Defence (Pension) vide Government of India, Ministry of Finance (Defence) No. 2/PB-II dated 14.4.51 in respect of casualties occurring on or after 1.4.1948;
- (i) amounts of recoveries notified in the Pension Payment Orders on account of Pending Enquiry Awards paid have been correctly calculated with reference to the period for which paid and the rate at which paid;
- (j) periods of service after the date on which the proceedings of the medical board which found the individual unfit for further service, were countersigned by the ADMS are not counted towards pension in those cases, in which the amount of pension is dependent on the length of service vide Rule 122 (III) of Pension Regulations Army (1961) Part I, Rule III (III) of Pension Regulations Air Force Part I (1961) and Rule 79 (III) Navy Pension Regulations (1964).

Note:- Service rendered by an individual after being placed in medical categories 'B' and 'C' till the date of actual discharge is to be treated as qualifying service for the grant of pension, if

otherwise admissible under the orders contained in Government of India, Ministry of Defence letter No. 59035/PS4(a)/3486/Pen. Dated 6.7.51 as amended by their No. 59035/AG/PS-4(a)/8072-D-Pensions (Services) dated 11.11.57.

- (k) cases in which there is great delay in discharging the pensioner after the approval of the proceedings of the medical board by ADMS are brought to the notice of the competent authority (vide Note on page 7 of IAFY 1948);
- (l) pensions, under the revised rules are not sanctioned from a date earlier than 16th August 1943 vide Army Instruction (India) 43 of 1944 AF Instruction 39 of 1944 and Navy Instruction 47 of 1944 and that post March 1948 entitlement Rules as promulgated with Government of India, Min. of Def. (Pension Branch) letters No. 138999/PC dated 18.4.1950, No. 9001/274/PP&R/3/22081/PC dated 2.5.50 and No. PG/2525/50/ PP&R/PC dated 15.5.50 are applied in all cases where the disability or death takes place on or after the 1st April 1948.
- (m) the post-March 1948 Rules are not applied in cases of individuals whose continuous service commenced from a date earlier than 1st April 1948 and in whose case the disablement or cause of death can be regarded as attributable to/aggravated by service during the period 3rd September 1939, to 31st March 1948 in accordance with the entitlement criteria published in A.I.S. 43 of 1944 and 137 of 1948/Air Force Instruction 39 of 1944/Navy Instructions 47 of 1944 and 67 of 1949;
- (n) pension has been granted from the date following that of discharge vide Rule 51(a) Pension Regulations Army Part II (1961). Rules 51(a) Pension Regulations Air Force Part II (1961) and Rule 6 Navy (Pension) Regulations (1964); and
- (o) Special Disability Pensions have been granted to service officers and personnel (including Army Postal Service and Defence Security Corps Personnel) who were invalided out of service on account of injuries sustained in Chinese aggression between 8.9.1962 and 22.11.1962, Pakistan aggression on or after 5th Aug. 1965 and in Kutch operation between 9.4.65 and 1.7.65 in accordance with and on conditions laid down in Government of India, Ministry of Defence letter No. 195163/Pen-C dated 17.9.65 and 17.11.65 as amended from time to time.
- (p) In respect of officers and personnel retained in service despite disability, one time payment of pension compensation is only paid.
- (q) In certain cases temporary disability pensions are sanctioned for limited period in the first instance and mentioned thereafter for specific periods. Case must be taken to guard against payment being made beyond the dates up to which they are sanctioned.
- (r) With effect from 13.10.49 on the date of re-employment, whichever is later, the element of temporary increase included in the disability pension from the pension of the re-employed pensioner under the conditions laid down in Army Instruction 66/57.

(vii) Special Pension/Gratuity

Special Pension and gratuity is admitted to personnel below officer rank and non-combatants (E) who are discharged in large number in pursuance of Government policy:

- (a) of reducing the strength of Establishment of the Armed Forces or
- (b) of re-organisation, which results in disbandment of any unit/formation.

(viii) Pension in respect of civilian personnel

- (a) It should be ensured that different classes of pensions viz. superannuation pension, retiring pension, pension on absorption in or under a Corporation, invalid pension etc. are regulated correctly by relevant provision of the Central Civil Services Pension Rules 1972 as amended from time to time and that the qualifying service had been reckoned correctly with reference to details of certificates of verification of service recorded in the Service Book.
- (b) In respect of provisional pension and gratuity where authorised, it should be examined with reference to final assessment to ensure that excess payment, if any, are adjusted from amount of gratuity withheld or by making short payments of future pension payment.

(ix) Family Pension

In the case of family pensions, it should be seen that:-

- (a) the person to whom a family pension has been allowed is within the prescribed degree of relationship to the soldier, whose death has been declared by medical authority to be directly attributable to military service;
- (b) claims to family pension and children allowance as admissible under Pension Regulations are preferred by the claimants concerned within the prescribed period.
- (c) In cases where the grant of family pension is dependent on means limit, the claimant's private income has not exceeded that limit;
- (d) the date of birth or age of the claimants tally with those recorded in the nomination forms filed in the Sheet Rolls of the deceased or the same have been attested by a responsible officer mentioned in para 3 of Government of India, Ministry of Defence letter No. A/C 6320/AG/PS4(a)/202/Pen-C dated 7.2.68, MOD No. P/2666/627/Pen-C dated 16.2.68 and MOD No. Air HQ 24227/138/PPR/15275/Pen dated 30.11.65 as amended from time to time;
- (e) in cases where the allottee of the family allotment and the pensioner is the same person, pension is paid to him from the date following that up to which the family allotment was paid if it is later than the date of death, vide para 176(d) of Defence Accounts Department's Office Manual Part IV. If, however, it is specifically stated by the Pay Accounts Officers that there was credit balance in the individual Running Ledger Accounts of the deceased to cover the family allotment paid after the death then there is no objection to the payment of pension from the date following that of death;
- (f) In both the cases where pensions have either been finally sanctioned or finally rejected payment of Pending Enquiry Awards are adjusted by the Controller of Defence Accounts (P) in the manner stipulated in Rule 48(b) (i) and (ii) of Pension Regulations Army Part II (1961), Rule 48(b) (I) & (II) of Pension Regulation (1964) as amended from time to time;
- (g) the Children Allowance is not granted to a child born before the marriage of the deceased;

- (h) the continuance of Special Family Pension is not granted beyond the second life award vide Rule 230(d) Pension Regulations (Army) Part I 1961, 204(d) Pension Regulation (A.F.) Part I (1961) and Rule 13 (c) Navy (Pension) Regulations 1964;
- (i) the transfer of family pension under rules 229 and 230 of Pension Regulations, Army Pt, I (1961), Rules 203 and 204 of Pension Regulations (AF) Part I (1961) and Rules 130 and 131, Navy (Pension) Regns (1964) to the widow or the mother, where the original recipient was father under Rule 220(a), (iv) (reconstructed vide CS No. 46/IV/67), & Rule 124 (a) (iv) *ibid*, is treated as a second life award;
- (j) a family pension is not normally granted so long as an individual is in Government employment or is in receipt of another pension from the Government;
- (k) in respect of special family pension to war widows and ordinary family pension, it should be seen that conditions mentioned in Government of India, Ministry of Defence letter No. 200847/Pen/C/71 dated 24.2.72 have been fulfilled. In respect of officers and personnel who die after 1.1.86, provisions of Government of India, MOD letter No. 1(57)/87/(Pension/Services) dated 30.10.87 are applicable. It should be ensured that the provision as mentioned in MOD letter No. 1(3)/98/D(Pen/Ser) dated 27.5.98 and No. 1(2)/97/D(Pen-C) dated 31.1.2001 are correctly applied;
- (l) In cases of family pension in respect of death not due to service it should be ensured that:-
 1. Pensions granted under Rules 246, 246A, 247 & 247A of Pension Regulations Army Part I (1961), Rule 220, 220A, 221 and 221-A Pension Regulations Air Force Part I (1961) and Rules 141 to 143 of Navy (Pensions) Regulations 1964 as amended are not continued beyond the date stipulated therein;
 2. Pensions granted under A.1.2/S/64 read with A.Is 8/S/70, 4/S/75 and 4/S/76 are not granted to parents, relatives other than wife, minor son and unmarried minor son and unmarried minor daughter.
- (m) in respect of family pension under Family Pension, Scheme 1964 as revised under Central Civil Services (Pension) Rules 1972 as amended from time to time, it is to be ensured that the deceased was not retired before 1.1.64 and re-employed, was not paid from contingencies, was not a charged staff, a casual labour or a contract officer.

(x) Jangi Inams

- (a) These are rewards in the shapes of money allowance or land grants sanctioned to Indian Officers, Other Ranks and followers of the Indian Army and their heirs under the Government of India Special War Reward Scheme for the Great War 1914-1919 or Government of India Defence Department Notification No. 3 of 1st January 1947. The allowance is admissible for two lives only if sanctioned under the Scheme of the Great War 1914-1919 and for one life only, if sanctioned under Defence Department Notification of 1st January 1947. The pension office is concerned with the continuance of the money allowance to the holder after

he is transferred to the non-effective list (Army Order 795 of 1949 also refers).

(b) The following audit checks should be applied:-

1. Verify the grant by a reference to Indian Soldiers, Sailors and Airmen Board's printed Nominal Roll notifying it and agree the special serial numbers in both the documents;
2. See that the date from which the Inam has been notified as payable is correct with reference to the date of last payment in his unit certified by the Pay Accounts Officer, by whom the man was paid before his transfer to Pension Establishment; and
3. See that the nominee for the second life is within the prescribed degree of relationship with the first Holder as shown in the body of the Jangi Inam Certificate.
4. In the case of female holders, the Jangi Inam ceases after marriage or re-marriage.

(xi) Compassionate Allowances

- (a) These allowances are granted to widows and children of deceased Indian Officers of Junior Commission, whose death, while serving or after retirement, is attributed to causes other than military service.
- (b) The Adjutant General is the sole authority for sanctioning these allowances.
- (c) It should be seen that the allowances are granted according to the rate and conditions in the Government of India, Min. of Def. No. 84272/AG/PS/4(a)/421/SD/ (Pensions/Services) dated 1.6.64 as amended.

(xii) Temporary Increase and Ad-hoc increase in small Pensions

It should be seen that these are sanctioned according to the conditions and rates regulating them as notified in Army Instructions from time to time.

(xiii) Supply repair and renewal of artificial limbs

- (a) Charges on this account, which are dealt with by the Pension Office, should be audited with reference to the relevant rules and orders regulating them. The incidence of charges in each case should be carefully scrutinised.
- (b) An ex-serviceman who is precluded from earning his livelihood on account of total or partial blindness caused as a result of his Army Services will be rewarded a special pension of Rs 10 p.m. (Rs 15 p.m. w.e.f. 1.4.69) and Rs 500 per month w.e.f. 1.10.2001 vide MOD letter No. 12 SB(8)/52-2001/958/D(Res) dated 16.11.2001 (copy enclosed). This special pension will be administered by the Indian Soldiers, Sailors and Airmen Board on merits of each case, and will be payable in addition to a disability or any other pension admissible under normal rules. It will be ensured in Test Audit that the condition in AO 606/64 is fulfilled.

Commutation of Pensions

473. (i) In test auditing these claims, the following points should be specially seen:-
- (a) that the amount of pension commuted does not exceed the maximum limit and that the residual pension left after such commutation is not less than the minimum fixed. The maximum limit for commutation of pension is 43% of basic pension in case of commissioned officer, 45% of basic pension in case of PBOR reducing in the case of pension on commutation will become from the date of receipt of the commuted value of pension by the pensioners.
 - (b) that the commuted value of pension is restored w.e.f. the date notified in each individual case.
 - (c) that the commuted value has been correctly calculated according to the table of values prescribed by the Government from time to time.
- (ii) the detailed rules on the subject are laid down in the Civil Pension (Commutation Rules) published in Appendix 27 of CSR Volume-II (Chowdhary's Compilation (1976) as amended, Chapter VI Pension Regulations (Army) Part I (1961), Chapter V of Pension Regulations (Air Force) Part I (1961) Chapter VII of Navy (Pension) Regulations (1964), A.I-8/S/71 and corresponding Air Force and Navy Instructions.

Miscellaneous

474. In addition to the processes of Audit described above the following checks are also exercised by the test audit staff attached to the pension Office:
- (i) Linking of pension payment orders with audit cards
 - (ii) Check of capitalised value of pension recoverable from other Government
 - (iii) Check of contingent bills for death gratuities
 - (iv) Check of contingent bills for service gratuities

Section II – Pension Payments

Method of Pension Payments

475. All pensioners are paid in arrears by Civil Treasuries, Military Treasure Chests, Post Offices, Pension Pay Masters, Public Sector Banks and by other agencies vide Rule 53 of Pension Regulations for Army Part II (1961), Rule 53 of Pension Regulations AF Part II (1961) and Rule 179 Navy (Pension) Regulations (1964) as detailed in Chapter 40 of Part C of this Volume-.

Scope and method of Internal check

476. (i) Pensions paid to other than the Indian Military Pensioners

These pensions are audited with reference to Pension Audit Cards maintained in the Controller's Office. The Audit cards of the pensioners drawing pension through a public Sector Bank, will bear the name of that Public Sector Bank Pension bills debitable to British Government are checked in full half yearly w.e.f. 1.4.92 in the month of Dec./June CDA (P) Allahabad letter No. AT/6/UK Cell/9565 dated 20.5.99 & group order No. 656 dated 7.1.92. Pensions under the Civil Service Regulations and pensions to King's Commissioned Officers,

if any, commissioned officers and their families are subjected to percentage check. Detailed procedure in this regard is contained in DAD OM Part IV Volume- V.

(ii) Indian Military Pensions

- (a) These pensions are audited with reference to Pension Audit Cards which are posted from the modifications in the Pension Payment Orders and show the rates of pensions, the conditions of award, the date of termination and all the other particulars necessary for audit purposes. The Audit Cards of the Pensioners drawing pension through a Public Sector Bank, will bear the name of that Public Sector Bank. An elaborate system exists for the prevention of loss or misplacing of pension cards.
- (b) Payment made to each Indian Military Pensioner is audited once in twelve months. That is, payment for one distinct month or quarter (in the case of quarterly payments) or half year (in the case of half yearly payments) or year (in the case of annual payments to Nepalese) is completely audited. For this purpose the accounts for the period in which pensions for the selected month or quarter (in the case of quarterly payment) or half year (in the case of half yearly payment) or year (in the case of annual payments to Nepalese) are normally payable, are fully audited. The accounts of the remaining months are examined and payments relating to the selected month, if included in those accounts, are audited.

General

477. In addition to the above process of audit, charges of certain type, e.g. Payments to new pensioners, last payments of pensions on account of stoppage of temporary or conditional awards, arrear payments of over 12 months and payments to heirs of deceased pensioners, are audited every month. This audit is conducted through the change statements, which accompany the vouchers.

Test audit of pension payments-General processes of Test Audit

478. Pension payments which are finally charged to Indian Heads of Accounts by the Pension Controller are reviewed in test audit according to the quantum prescribed by the Director General of Audit. For this purpose the accounts of one or more Treasuries or Post Offices, the payments included in which work up to the prescribed percentage, are completely test audited. CDA (P) Allahabad letter No.AT-3/U.K.Cell/9565 dated 5.1.93 and letter No. 584/MP/OS/90-93 dated 29.1.93.

Special Checks

479. **(i) Need Pensions**

Examine the certificate furnished by the pensioners, in whose case pecuniary need is an essential condition for the grant or continuance of the pension. If it indicates a change of pecuniary circumstances for the better, see that immediate steps have been taken to review and reassess the pension.

(ii) Conversion of sterling pensions

The Rules governing the conversion of sterling pensions into rupees laid down in Rule 267 Pension Regulation for the Army in India Part I (1940), Rule 40 Financial Regulations Part I (1963).

It should be seen that the pensions fixed in sterling are converted into Indian currency for purposes of payment at the correct rate of exchange.

(iii) Family Pension

When a family pension has been divided between the original holder and another heir (other than the widow) see that the nominated or the original family pensioner is alive or not otherwise disqualified.

(iv) Incidence of pensions

In cases in which debits for the proportionate share of pensions paid are to be raised against the local Government or department concerned see that such debits are raised systematically and regularly in accordance with Government Orders issued from time to time.

(v) Over payments of pensions written off by the subordinate authorities in lower formations.

- a) Cases of over payments of pensions written off by the subordinate authorities in lower formations without reference to the Government of India will be examined by the Deputy Director of Audit, Defence Services, Allahabad. He will be supplied with copies of sanctions to the recovery or write off of overpayments of pensions, accorded by the subordinate authorities in lower formations, together with the number and date of the communication in which the Pension Controller reported the case to above authorities.
- b) the relevant files of the Pension Controller dealing with the overpayments will be examined, and the files of the subordinate authorities in lower formations will be called for only when they are required to add, or supplement, any information which is wanting or is insufficient in the Controller's file.

480. Observations issued on audit of payment of pension by DPDOs/Public Sector Bank Branches/Treasuries should also be examined carefully with a view to highlighting special features, if any.

CHAPTER 24

INTEGRATED FINANCIAL ADVICE (IFA) SYSTEM

The resource crunch has called for a very efficient and effective strategy for management of finance and other resources in the Defence Services to ensure that value for money is obtained without compromising the prioritised requirement of the services. The ever-increasing demand on the available resources has led to the introduction of New Management Strategy/Financial Management Strategy, which involves greater decentralisation of powers coupled with accountability and responsibility in the various areas of activities in the Armed Forces. This association of finance with management in decision making is the concept of Integrated Financial Advice (IFA) system covering expenditure sanctions accorded by the various executive authorities under their delegated powers.

The duties of IFAs are as under:

- (i) shall be the Integrated Financial Adviser;
- (ii) shall report directly to the respective Administrative and Executive authorities;
- (iii) shall advise the various authorities on all financial matters under the delegated powers which are exercised in consultation with the IFA;
- (iv) will concur/scrutinise cases/proposals relating to purchase, projects, equipments, losses and disposals etc. under the delegated powers;
- (v) shall conduct pre-scrutiny of supply orders/contracts;
- (vi) must streamline procurement procedures wherever necessary to reduce lead-time and overcome any other bottlenecks with the concurrence of MOD/MOD (Fin);

- (vii) must keep himself closely associated with the formulation of important proposals from the conceptual stage;
- (viii) must vet demands emerging as a result of item-wise provision review in respect of all Class 'A' stores and requirement of all Class 'B' stores restricted to items such as tyres/tubes, batteries etc;
- (ix) must have access to up-to-date record of item-wise committed liabilities;
- (x) must assist in formulation of budget at different stages and monitoring of expenditure against the budget allotments by constant review of the progress of expenditure;
- (xi) must see the proposals for supplementary demands for grants and ask the executive to surrender the anticipated savings within the time schedule;
- (xii) must ensure regular and timely rendition of various reports and returns;
- (xiii) must maintain continuous liaison with the executive and financial authorities at different levels to ensure effective financial management;
- (xiv) must participate in various TPCs/PNCs;
- (xv) must assist in implementation of Authority-cum-Responsibility Centre concept through an effective MIS to the executives;
- (xvi) must monitor the implementation of sanctions, commitments and liabilities for taking effective measures to achieve economy, cost effectiveness and better resource planning;
- (xvii) must monitor the processing of Draft Para(s)/Audit Para (s)/ Internal Audit objections to ensure attention and speedy clearance and get remedial measures initiated;.
- (xviii) may assist in rationalisation of maintenance expenditure and inventory management and management procedures;
- (xix) must scrutinise all financial proposals requiring Government sanctions;
- (xx) may scrutinise proposals for enhancement/re-delegation of powers to various admin/executive authorities;
- (xxi) may devise and maintain an adequate MIS;
- (xxii) may undertake vetting of tender documents prior to being issued to vendors/contractors;
- (xxiii) must insist association with post contract stage developments having financial bearing like granting of extension of time, levy, recovery/waiver of liquidated damages, risk purchases etc;
- (xxiv) in case of doubts/difference of opinion the matter should be referred to CGDA for a decision.

The Government of India/Ministry of Defence instructions are given in Annexure – A and B to this chapter.

Annexure-‘A’

No. AR-1/II/9/1/VI(PC-XXV)
Government of India
Ministry of Defence (Finance)
New Delhi-110011.

Dated the 17th August, 1994.

To
The CGDA
West Block-V, R.K. Puram
New Delhi-110066

**Subject: Introduction of Intergrated Financial Adviser System at the Army
Headquarters**

It has been decided with the approval of the RRM and the F.M. to set up an Integrated Financial Adviser cell at Army Headquarters The complement for the same will be as follows:

- (i) Integrated Financial Adviser (IFA) – to be manned by an officer of Senior Administrative grade of IDAS.
- (ii) Deputy IFA – to be manned by a time scale officer of the IDAS.
- (iii) Two Junior Finance Officers - to be manned by Assistant Accounts Officers of the Defence Accounts Department.

2. The above officers will be found by suitable internal adjustment within the overall strength of the Defence Accounts Department and placement will be the CGDA. Additional manpower support on as required basis will be provided by the Army Headquarters

3. The IFA cell will function under the Deputy Chief of Army Staff (P&S). DCOAS(P&S) will initiate the ACR of the IFA which will be reviewed by the FA(DA).

4. All administrative support to the IFA cell will be provided by the Army Headquarters

5. Charter of duties of the IFA at the Army Headquarters will be as follows:-

- (i) He shall be Integrated Financial Adviser at Army Headquarters.
- (ii) He shall render advice on financial matters which fall within the competence of various authorities at Army Headquarters within the delegated financial powers as and when sought for. Such authorities will, however, continue to exercise these powers independently as hitherto before.
- (iii) He will vet all proposals falling within the enhanced financial powers (as and when sanctioned).
- (iv) He may render advice and assist in case of all proposals /cases requiring Government sanction, if called upon.
- (v) He or his representatives will participate in various TPC / PNCs held at Army Headquarters.
- (vi) He will monitor the processing of draft audit paras, audit paras, internal audit objections etc. concerning the Army to ensure adequate attention and speedy remedial measure for this purpose he will maintain close liaison with Regional CsDA, DGADS and MOD.
- (vii) He will assist in preparing and monitoring a data base on committed liabilities.
- (viii) Any other duties relating to finance / accounts assigned to him by the DCOA (P&S) and FA(DS).
- (ix) In case of difference of opinion, PSOs and the DCOA(P&S) may refer the matters to FA(DS).

(B.D. Singh)
Addl. FA(S)& Jt. Secy.

Annexure 'B'

No.48503/Q/ST-11/4810-B/D(QS)
Government of India,
Ministry of Defence,
New Delhi

23 September 1992

To

The Chief of the Army Staff,
New Delhi

Sub: Exercise of financial powers by Army Authorities in consultation with the accredited CsDA or CsDA's reps.

Sir,

The financial powers of the various authorities in the Army for hiring of transport have been enhanced recently vide Army Instruction 10/92 in modification of the earlier powers contained in A.I. 42 of 86. These enhanced financial powers are to be exercised by various authorities in consultation with their respective Cs.D.A. or Cs.D.A.'s reps, as stipulated therein. Similar stipulations had also been provided in some of the Government Orders issued recently enhancing the existing financial powers in various matters. Similar stipulation may also be laid-down in such orders which may be issued in future also. With a view to ensure that the new system functions efficiently and smoothly without any problems, the following instructions are issued for guidance and also compliance by various authorities in all such cases.

- (a) The consultation stipulated in the Government Orders would be provided by the respective Cs.D.A or Cs.DA's reps as nominated. For this purpose, the CGDA has already drawn up the requisite system for providing financial advice to the authorities at different levels of representation of the CDA.
- (b) The various authorities will exercise the enhanced powers only in consultation with their respective CsDA or CsDA's reps.

- (c) The financial advice/concurrence will be provided by the CDA/CDA's reps in writing and will be based on regular noting on file. However, in cases of extreme urgency where time does not permit to float regular files, decision could be taken in meetings/discussions for which detailed deliberations/minutes will be recorded. Proper briefing papers prepared with the approval of the CFA will be made available to the CDA's reps sufficiently in advance of the meetings/discussions. All such cases should be followed up, immediately, by regular noting on file where the decisions taken during meetings/discussions will be recorded and the financial advice recorded in writing. While discussions and meetings are not precluded these are no substitutes to regular noting on files. Such cases should, however, be kept to the minimum possible.
- (d) With a view to avoid or reduce cross noting and back references, the proposal intimated on files should be detailed, self-contained and comprehensive-containing all facts and data relevant to the case. For this purpose it is desirable that the CFA's and CsDA's reps liaise mutually so that requisite information and material will be made available in the first instance itself while initiating such proposals.
- (e) The authorities should also make available, without exception, any information data or documents relevant to the case as asked for the CDA's reps in the proper perspective and expedite financial advice.

2. This issues with the approval of Ministry of Defence (Finance) vide I.D.No.105/B/QA dated 16.9.92.

Yours faithfully,

(PRAKASH CHAND)

Under Secretary to the Government of India

