

LOCAL AUDIT OF ORDNANCE DEPOTS

1. LOCATION OF DEPOTS:

The main Ordnance Depots functioning presently are:

| <i>Central Ordnance Depots</i> | <i>Ordnance Depots</i> |
|--------------------------------|------------------------|
| COD Delhi Cantt | OD Shakurbasti |
| COD Agra | OD Allahabad |
| COD Cheokki | OD Talegaon |
| COD Kanpur | OD Calcutta |
| COD Malad, Bombay | OD Avadi |
| COD Dehu Road | |
| COD Jabalpur | |

In addition, FODG and their detachments are also functioning in some areas/stations.

2. FUNCTIONS/RESPONSIBILITIES OF AOC:

Functions of the Army Ordnance Corps include provision of major and minor equipment and their spare parts ammunition general stores and clothing to meet the requirements of the Army. They are also responsible for provisioning common user items required by other Services and Para Military Forces.

3. CLASSIFICATION OF ORDNANCE STORES:

Class A- Includes all major and minor equipments and ammunition.

Class B- Items of general stores and clothing

4. RESPONSIBILITY FOR PROVISIONING:

Taking provisioning action in respect of Class 'A' Stores is the responsibility of Army HQrs. In respect of Class 'B' Stores, responsibility for provisioning is that of the Central Ordnance Depots, Deputy Director General of Ordnance Services (GS&C), Army HQrs. Standing Directive of Provision Review of Class-B Stores are issued by DGOS.

5. BASIS FOR PROVISIONING, TYPES OF PROVISION REVIEW AND PURPOSE OF PROVISION REVIEW:

The Provisioning Reviews carried out by the Depots and at Army HQrs form the basis for initiating provisioning action in respect of the various items of Ordnance Stores

Periodic Review: This review is carried out in respect of all items, as per specified periodicity. The review will be throughout the review period to cover all the items, on the basis of a fixed Programme drawn.

Intermediate Review: This review may become necessary due to Initiation of review action slip and prompted by dues out audit. Intermediate review is carried out before the date of next periodic review.

Special Review: This review takes place whenever additional liabilities arise or to meet any special commitment or circumstances.

The basic purpose of these provision reviews is:-

- (a) work out accurate maintenance figures based on experience and other relevant factors.
- (b) assess the detailed liabilities for the maintenance report
- (c) take procurement action to cover the deficiencies revealed on provision review; and
- (d) assess surpluses and initiate action for their adjustment/disposal.

6. FUNCTIONS OF DEPOTS:

Ordnance Depots are primarily responsible for storage and supply of ordnance stores to the Services and issues on hire, loan and payment.

The major activities of the Ordnance Depots to achieve the above maintain objective include provision of Class 'B' storage, receipt issue of storage preservation, accounting, stock taking of all items of Ordnance Stores. Their activities also include repair and modification to certain types of equipment. These Depots have several sub-depots headed by Deputy Comdt. Sr. Provision Officers and Administrative Officers. The various activities mentioned above are performed by those Sub-Depots.

7. PRE-REQUISITE FOR EFFECTIVE AUDIT:

With the growing emphasis on the need for re-orienting the role and approach to internal audit to cover both the traditional regulatory audit and efficiency audit, there is need for each functionary of the audit team to realize and achieve, to the maximum possible extent, the slightly revised objective/charter. This would necessitate the LAO and all his staff members to be fully trained and equipped with 'the requisite knowledge and expertise so that they are able to meet the objective fully. The essential pre-requisites in such a situation are inter-alia, as follows:-

(a) a complete and thorough knowledge of the organizational set up of the Depot, the chain of responsibility, the role and the responsibilities assigned to the depot, the types of stores equipment etc. stored, authorized to be hold and handled by the depot, the various sub-depots in the depot and their functions, location of the various store holding sections, the manpower strength of the depot and its sub-division, the total budget allocated and handled by .the depot under the various important heads, the trend of procurement and movement/turnover of the items in the depot etc. etc.

(b) The various main items of resources like land, buildings, equipment, vehicles etc. authorized and held by the depot for the operation and, maintenance of the depot and manner and the extent to which these are utilized.

(c) A thorough knowledge of the various orders and instruction issued by G.O.I. and Army Headquarters from time to time affecting the functioning of the depot, its role, the equipment/stores held and handled by the depot, changes in the manpower strength of the Depot etc... etc...

(d) A through knowledge of the various audit system and procedures affecting the depot and its working and a very clear understanding of rational and purpose behind these systems and procedure as also the objectives of carrying out audit.

(e) A through knowledge of various reports and returns and other accounting documents which a required to be submitted by the depot to the LAO together with a clear Perception of the purpose of each one of these reports/documents and the importance of the significance of the same

(f) A through knowledge of the various systems and Procedure prescribed in the various DGOS technical interactions relating to provisioning review, procurement, stocking, accounting, issues, disposal of a unserviceable stock, obsolete/surplus store, stock verification and regularization of discrepancies etc. in addition to the various provisions in this regard as prescribed in the “Store accounting Instructions” etc.

8. GUIDELINES FOR LOCAL AUDIT:

The detailed procedures for accounting of the various items of stores in the depot are prescribed in the “Store accounting Instructions” and other orders issued from time to time. Similar detailed instructions and procedure for carrying out Local Audit in the depots are content

in the relevant of the Army Local Audit Manual Part-I, Vol: I, II, III and other audit instructions issued by the CGDA from time to time. While all these procedures, Instructions will be complete with during local audit, in the context of the enlarging role of Internal Audit to make it more effective and responsive to the changing requirements, it may not be adequate to restrict the local audit literally to receive liking and issue audit alone. It is necessary to go beyond this perimeter to identify and establish further linkages with overall provisioning, stocking, distribution etc. Only such exercise would enable internal audit to have better appreciation and come forth with significant and workable suggestion in the form of financial advice which may lead to substantial economy and savings which are being anxiously looked forward to by Services.

In this background the following further guidelines are prescribed for useful nothing and complaints by all concerned while carrying out their local audit functions in the ordnance depots. As mentioned above these guidelines are supplement to these already contained in the "Store Accounting Instructions". Local Audit Manuals other instructions are not in supersessions thereof.

9. GUIDELINES ACCOUNT CARDS:

It should be ensured that there is no duplication in the maintenance of Account cards for each item. In other words, only one account card should be maintained for each item, so that the provisioning of stores based on these cards is realistic and does not lead to over provisioning/under provisioning.

10. TAKING OF STORES ON CHARGE:

It should be seen from that the stores received in the depot from the supplier/another depot etc are taken on charge promptly and reflected in the account card without delay. Any cases coming to notice where undue delay has occurred in taking stores on charge should be enquired into especially because in such event there are changes of ever provisioning if the provisioning reviews of that item had been completed in the meanwhile banned on the stock position as per account cards which are not updated.

11. RECFTPT OF VOUCHERS AND THEIR SCHEDULING:

It should be scrupulously ensured that copy No.4 & 5 of all issue vouchers floated by depots are received promptly and there is no case of large number of vouchers yet to be received. If such a situation

exits, the matter should receive immediate attention and remedial action taken with depot.

After ensuring that all vouchers have been received for the month and after proper reconciliation, these should be scheduled to the concerned LAOs'. Scheduling should be current at all times.

Vouchers relating to Payment Issues should attract special attention and these vouchers along with other requisite documents should be forwarded to the Main Office of the CDA for raising necessary claims for realization of the dues from other departments/ parties etc. All such payments issues cases should be maintained at the level of the LAO.

In respect of the issues to units in the forward areas who are on war system of accounting and where no audit is completed, it should be scrupulously ensured that copy No. 2 of the issue voucher has been received back from the consignee unit duly receipted.

REGISTERED

**NO:
OFFICE OF THE**

DATE:

TO

SUBJECT: Loss statement bearing No. ----- Dated--
-----for Rs. ----- in respect of-----

REFERENCE: -----

The subject Loss statement is forwarded herewith in triplicate/
quadruplicate duly scrutinized with our following audit remarks.

2. The facts of the case are explained in the Statement of case,
which are self-explanatory.

(OR)

2. The facts of the case explained in the Statement of case have
been perused and we have the following comments to
supplement.

(i)

(ii)

3. The Loss has been categorized as due to/not due theft/ fraud/
neglect.

(OR)

3. The Loss has been categorized as not due to theft/fraud/neglect.
However the same is not agreed to in audit and the loss is
viewed as attributable to theft/fraud/gross neglect for the
following reasons:

(i)

(ii)

4. In terms of ----- with reference to the value of loss
and the above categorization the sanction of -----if
obtained would be in order to regularize the loss as cash
loss/store loss, due to/not due to threft/fraud/neclect.

OR

4. As the value exceeds the powers prescribed for lower
authorities in Schedule to Appendix I to FR Pt. I Vol. II,
Sanction of Govt. of India if obtained would be in order to
regularize the loss as Cash Loss/Store Loss, due to/Not due to
theft/fraud/gross neglect.

5. Before regularizing the loss the following points may please be taken care of and a feedback furnished to this office for appreciation by CDA.
 - (i)
 - (ii)
6. An ink signed copy of the Sanctioned Loss statement may please be forwarded to this office immediately after issue of sanction by the CFA for our reports and records.
7. The time frame prescribed by MOD vide their No. ID NO.17 (1)/32/SN 68/D (W-II) DT. 26/6/91/ARMY HQRS. E.-IN-C'S BRANCH NO.A/00202 /68/ E2 (WPC) DT.11/9 / 91 for various stages in regularization of loss may be kept in mind before regularization.

ENCLS: AS ABOVE

**ACDA/DCDA (FA)/
LOCALAUDIT OFFICER/
REGIONAL AUDIT
OFFICER**

COPY TO:

- 1.
- 2.
- 3.

**SR.ACCOUNTSOFFICER
(FA)/
LOCAL AUDIT OFFICER/
REGIONAL AUDIT
OFFICER**

RENDITION OF AUDIT REPORT - LEVEL AT WHICH RENDERED

LAOs/RAOs would prescrutinise loss statements and render final Audit report to the CFAs (Including departmental authorities at HQ Command and below) in respect of all losses up to the financial powers of Brigade/ Sub-area Commander specified for the units/formations concerned to which the loss pertains.

All Loss statements prepared by MES authorities and which are falling within the financial powers of MES Departmental authorities viz., GE/CWE/CE as per items 8(a), (b), (c) of Table `B' of RMES will be scrutinized by the LAOs/RAOs and audit report rendered by them to the appropriate CFA.

All statements other than those indicated above are required to be forwarded to CDA through LAO/RAO for their scrutiny and rendition of final audit report to the appropriate CFA.

AUTHORITY: -A.O 315/73 AS AMENDED VIDE A.O 416/74.

THE FOLLOWING POINTS SHALL BE OBSERVED WHILE DEALING WITH LOSS STATEMENTS

- (i) The amount to be shown on loss statements shall be the value of the stores lost. In case of damaged or stores in changed condition, the estimate / actual repairs shall normally be reckoned.
- (ii) In the case of AOC stores for change in condition, the following formula shall be applied

FROM SERVICEABLE TO UNSERVICEABLE: 100% of the priced vocabulary rate where there would be final destruction/disposal of the item 90% in other cases.

FROM SERVICEABLE TO REPAIRABLE: Estimated cost of the repairs (which will not normally be resorted when the cost exceeds 50% of the priced vocabulary list).

FROM REPAIRABLE TO UNSERVICEABLE: 50% if the stores are to be destroyed; otherwise 40%.

- (iii) **In the case of** damaged property the assessed cost of damage shall be determine by the CFA.
- (iv) **MT Vehicles involved in accident:** -The cost of making good the damage as assessed by the Workshop officer and as confirmed by the Board/Court convened to investigate the accident shall be cost.. Where down gradation of the vehicle is involved, the penal recoveries will be taken in to account for determining the net loss, which would actually be written off. As exception to the general rule that CFA is to be determined with reference to gross loss to be arrived, after taking to account penal deductions/recoveries, in the above case of MT accidents, the net value will determine the CFA,. The Loss statement will be priced as per, Appendix `A' to A.O 37/76. In respect of all losses (except those due to MT accidents referred to above), the net value of loss is to be determined after deducting recovery, if any from an individual whether such recovery is in the nature of penal deduction or otherwise and it will be written off by the competent financial authority to be determined with reference to the gross loss.
- (v) Loss discovered at one check during periodical stock taking/ loss due to reconditioning or reclassification by Inspectors of stores during one examination - treated as one transaction. Each

such transaction will be dealt with on a separate loss statement. In supply and store depots having continuous stock taking losses of individual items of dis-similar type discovered at stocktaking, shall be treated as separate transactions for the above purpose.

- (vi) In the case of Loss of stores in Supply/Store Depots etc., due to deterioration in storage the loss statement requiring write off action at Command Hqrs and above will be routed to Command Hqrs through the Scientific Officer, Inter Service Stores Preservation Organization, for scrutiny and comments before putting up the statements requiring write off action below command level.

DOCUMENTS TO BE ENCLOSED IN SUPPORT OF THE LOSS STATEMENT

1. Delay report in triplicate date wise up to the date of submission to Audit, indicating the various stages through which the loss statement has progressed.
2. Statement of Case prepared in a narrative form bringing out full facts of the case must conform to A.O 315/73 AS AMENDED BY A.O 416/74.
3. Copies of court of inquiry proceedings (or orders of the CFA dispensing with the court of inquiry as the case may be) including the originals.
4. Recommendations of all intermediary authorities up to the level of the penultimate CFA must be obtained and enclosed as audit report will be rendered only to the ultimate CFA. The recommendations should clearly bring out the categorization of loss as due to or not due to theft, fraud or neglect and also the CFA who would write off the loss.

NOTE: Loss Statements for losses due to theft, fraud or neglect and those due to outbreak of fire will be submitted through staff channels to Hqrs Southern Command, accompanied by proceedings of the Court of Inquiry convened by Staff. Immediate Formation commanders will endorse their recommendations regarding write off of loss prior to submitting the loss statement to Hqrs Southern Command. Loss statements will be scrutinized by the CDA immediately before they are submitted to the appropriate CFA for regularization. After passing through all the normal channels & with

the remarks/recommendations of the intermediate formation commanders, the loss statement will be routed through the CDA for his comments and transmission to the CFA. (PARA 6&7 OF SCO 41 QMG'S BRANCH)

5. Copy of the follow up instructions / orders on corrective/remedial measures taken must be attached.

6. Police investigation report in case civil police was involved in the investigation of loss.

7. In case the loss is due to rejection of railway claim, a summary of action taken to get the claim accepted by the Railway and also the details of RR and the date on which the railway claim was preferred. In case the claim has been rejected being "Time Barred", responsibility for the delay must be fixed by a staff court of inquiry. Copies of related correspondence must be attached with the Loss statement and suitably incorporated in the Statement of Case. (CLICK FOR IMP.POINTS ON CLAIMS AGAINST RLYS)

8. In the case of MES Losses, check list as laid down in AHQ E-in-C'S Branch letter No.A/03900/ESP-I(LOSSES/FE0 DT. 28/1/91 shall be placed on the left hand inner side of the loss statement duly signed by the OC/GE.

9. Loss statements for irrecoverable amount of rent and allied charges from private parties must indicate as to how the amount against security deposit lodged by them has been adjusted. This aspect shall invariably be incorporated in the Statement of Case.

10. Details of penal recoveries wherever involved and recoveries completed should be enclosed and suitably incorporated in the SOC.

11. In respect of damages/losses due to natural calamities such as storm, earthquake etc., a certificate to the effect that all losses in respect of all the buildings etc, in the station on account of the same cause have been included in the loss statement and no other statement has been prepared should be endorsed by the GE on all the copies of the Loss statement. The loss statement should also be accompanied by Meteorological report from the nearest meteorological office.

12. In case of transit loss, copies of correspondence exchanged between the consignor and the consignee and also the carrying agency are to be enclosed to have proper appreciation of the case in audit.

13. In case of ASC articles condemned in Supply Depots, as unfit for issue to troops or animals, on account of deterioration, destruction certificate from the concerned authority is to be attached (PARA 129 (h) OF ASC REGULATIONS)

14. The authorities concerned should explain briefly the facts of the case and the reasons why a particular action has been taken. Where the disciplinary action taken is considered adequate this should be stated. If in any particular case it has not been possible to take adequate action, the reasons why this has not been possible should be indicated. In other words, sufficient facts should be given to satisfy audit that whatever action was reasonable or possible has been taken. It is not enough as is sometimes done, to reply that the administrative authorities have followed legal advice, because that can only lead to audit taking for further details and clarification.

(APPENDIX `A' TO A.O 539157)

Where audit authorities wish to satisfy themselves about the adequacy of disciplinary action in cases of loss they would ask for a factual note on the lines indicated above. But if in any particular case they consider it essential to see the actual court martial or court of enquiry proceedings, the senior audit officer of the command or Service concerned would make a request to that effect. The proceedings would then be sent to him personally.

(APPENDIX `B' FO A.O 539157)

WHAT FOLLOWS THIS PAGE IS A MODEL FORWARDING MEMO FOR RETURNING THE LOSS STATEMENT. .

While trying to use this by copying this to another file and editing to your needs, please take note of the following:

- (i)Item No1 to 11 and item 27 to 30 are common points, which may be applicable for all types of loss statements.
- (ii) Item No 12 to18 are peculiar to MT accidents.
- (iii)Item No19 to 21 are peculiar to Transit Losses.
- (iv)Item No 22to 26 are peculiar to damages/Losses on account of Natural Calamities like storm, earthquake etc.

The items included are only a selective list/illustrative list. This may be modified/amended/added/deleted according to needs of the situation.

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The items included are only a selective list/illustrative list. This may be modified/amended/added/deleted according to needs of the situation.

REGISTERED

NO:
OFFICE OF THE

DATED:

TO

SUBJECT: -----

REFERENCE: -----

The subject Loss statement bearing No. ----- dated -----for Rs. ----- received vide your letter cited above is returned herewith, with the following remarks.

1. The Statement of case is not prepared in accordance with Para 2 of A.0 315/73.
2. The remedial measures taken to prevent recurrence of similar losses in future have not been brought out.
3. The delay report showing the progressive stages of the loss statement from the date of occurrence to the date of submission to this office has not been enclosed/updated.
4. The court of inquiry proceedings including the Original have not been enclosed to the loss statement.

5. The reasons for not holding/delay in holding the court of inquiry may be clarified with supporting documents with reference to A.0 51/81.
(ii)The circumstances under which the Court of Inquiry could not be held have not been brought out in the Statement of Case.
6. The gross loss of Rs. in this case is viewed as due to /not due to theft/fraud/neglect.
7. In terms of sanction of would be required to regularize the loss. However as seen from the documents enclosed, sanction of lower CFA has been sought for.
8. The loss statement may be routed through staff channels and remarks/recommendations of all intermediary commanders up to the level of.....may please be obtained and enclosed to the loss statements along with the original.
9. The loss statement is to be priced in terms of A.0 37/76.
10. Loss Statement is to be en faced indicating whether the loss is due to or not due to theft, fraud or neglect.
11. The SOC and loss statement has been submitted without getting the pricing checked by LAO/CDA/AAO (GE).
12. The documents may be arranged in separate folders duly marked `Original', `duplicate' ` triplicate' etc. All original documents are to be placed in the original folder and attested copies are to be placed in other folders.
13. Technical Inspection Report, Accident Report and the Statement showing the cost of damage and assessed cost of repairs in respect of the MT vehicle involved in the accident duly signed by the Competent Technical authorities has not been enclosed in original.
14. A copy of the Part II order publishing the disciplinary action may please be enclosed.
15. Please state whether any damage to civil property or loss of civilian life has occurred due to the accident.
16. Please state whether any suit has been filed to recover the cost of damage from the owner of the civil truck in terms of SAO 12/s/65. If so the present position of the same may please be intimated.
17. The TE No. and month in which the TR was adjusted may be ascertained and intimated.
18. Please confirm that there was no damage to the fuel tank in the accident. The cost of fuel lost is to be incorporated in the loss statement.

19. The original book value of the vehicle has not been indicated in the loss statement.
20. Attested copies of correspondence relating to the loss exchanged between the consignor/consignee/Railways may be enclosed to have proper appreciation of the case.
21. Please state whether a railway claim was preferred in terms A.O 378/73. If so please confirm whether the railway claim has been adjusted and the details of the same may please be intimated, inter-alia citing reference to this office communicating if any.
22. In terms of note (iii) under Para 105 of RAOS since the seals of the wagon were intact the deficiencies in stores detected on termination of transit can be attributable only due to neglect on the part of the consignor or consignee. As such the loss is to be categorized as Loss due to neglect.
23. All the buildings in a station affected by are to be consolidated for preparation of the loss statement. Hence a statement from the GE may please be obtained stating that all the buildings affected by have been surveyed and included in the loss statement.
24. Report from the meteorological center indicating the weather details have not been enclosed in original.
25. The statement showing the cost of damages and assessed cost of repairs and also assessed cost of retrieved materials has not been enclosed duly signed by the GE and verified by the AAOGE.
26. The cost of retrieved materials is to be deducted from the gross loss to arrive at net amount of loss requiring regularization as per Para 597 RMES. The loss statement may please be priced accordingly.
27. If no material could be retrieved a certificate to this effect may please be obtained from the GE and enclosed with the Loss Statement.
28. The Loss Statement is treated as due to theft/fraud/gross neglect for the following reasons: -
 - (i)
 - (ii)
29. The following documents may please be enclosed while resubmitting the loss statement.
 - (i)
 - (ii)

30. Please clarify the following points for appreciation in audit.
 - (i)
 - (ii)
31. While resubmitting the loss statement the time limits for regularization of loss prescribed in MOD ID No.17 (1)/32/SN 68/D (W-II) DT. 26/6/91 /Army HQRs. E-in.-C's Branch No. A/00202/68/E2 (WPC) DT. 11/9/91.

ENCLS: AS ABOVE

SENIOR ACCOUNTS OFFICER (FA)/
LOCAL AUDIT OFFICER/
REGIONAL AUDIT OFFICER

COPY TO:

- 1.
- 2.
- 3.

SENIOR ACCOUNTS OFFICER
(FA)/LOCAL AUDIT OFFICER/
REGIONAL AUDIT OFFICE

**POINTS TO BE KEPT IN MIND WHILE DECIDING
CATEGORISATION OF LOSS**

There are two types of categorization namely:

- (i) categorizing the loss as Cash Loss or Store Loss and
- (ii) categorizing the Loss as due to or not due to theft, fraud or gross neglect.

While categorizing the loss as Cash or Store Loss, one cannot be guided merely by common sense or probabilities as substitution where orders clearly specify the type of categorization required. For example in the case of imported Steel, where the supplier refuses to accept the responsibility for transit loss the loss will be categorized as Cash Loss in terms of Para 1127(b) of RAI, even though one may feel logical to categorize the same as Store Loss.

The categorization of Loss i.e. due to or not due to theft fraud or neglect will be carefully analyzed. The following principles are to be borne in mind while determining the categorization in audit.

- (a) The views of audit should be independent and need not necessarily be influenced by the recommendations of Intermediary

authorities/Board's/Court of Inquiry's opinion or findings. However the disagreement must be substantiated in the audit report.

(b) The absence/transfer out/retirement of persons found responsible for the loss cannot determine the categorization of loss. The fact that some of the officers who were guilty of fraud or irregularities have been demobilized or have retired and have thus escaped punishment should not be made a justification for absolving others who are guilty and who still remain in service. (PARA 8 OF APPENDIX TO F.R. PART I VOL.II)

(c) The categorization does not depend on the fixing of responsibility of loss. It would depend solely on the facts and circumstances of the case, which have to be studied before rendering the audit report, and basis of categorization where the views of executives are not agreed to must be brought out in the audit report.

(d) In the case of transit losses of Ordnance Depot, while rendering audit report, note (iii) to Para 145 of RAOs which stipulates that when the goods are dispatched by the consignor through clear RR and the seals of the wagon are found intact any discrepancy between the quantities dispatched by the Consignor and the those received by the Consignee must be categorized as Due to neglect either on the part of consignor or consignee, will be kept in mind. There are no provisions in the Rules or Regulations prescribing the categorization of loss in such cases. The Rules only stipulate that the Consignee will initiate the regularization in such cases. Therefore it may not be tenable to accept the contention that the Consignors have not accepted the discrepancy or that the responsibility for the loss could not be fixed and consequently the loss has to be categorized as loss not due to neglect. Categorization of loss cannot be taken as conditional to identifying or fixing responsibility.

(e) The abstention from or delay, if any in taking appropriate action before or after the loss must be carefully examined and it must be analyzed and established as to whether or not such abstention or delay resulted in or contributed to the loss. The categorization of loss would be determined accordingly. (EX Delay in preferring claims against the Railways leading to non-acceptance of claim; belated action on increase in rates of ASC items resulting in under recovery from customers.)

(f) It is also worth examining in audit as to whether in respect of similar losses in the past, remedial measures were suggested and have not been acted upon by the Executives thereby leaving opportunity

for such losses to occur again. Such considerations can also influence the nature of categorization.

INTERNAL AUDIT REPORT

The function of audit is not only to a measure of financial performance of Defence and allied services to whom DAD providing audit cover, but it is also seen as an indication of Internal Audit efforts. It is therefore necessary to bring to the notice of the Top Management about all incidence cones in the entire field of Defence. Expenditure or selected fields, where extravagance is more likely to occur, should he pointed out which may bring economy/financial savings to the stage. Mis-appropriation of Govt. provision should be detected and pointed out at the earliest.

This report should contain items of importance & significance which has come to the notice during the hall year which merits attention of the highest echelons of Min of Defence & Service Headquarters. Report should contain items relating to economy suggestions such as cases relating to potential reduction in expenditure as a result of IFA's angle in the proscribed format. Reporting of very important cases must be very clear, vivid, lucid and final as an one time measure and must bear assent of executive authorities for inclusion in the IAR.

While preparing write up on the irregularities to proposal for inclusion in the IAR. Following aspects should be kept in view: -

- (a) The proposals are supported by details viz voucher, amount involved and copy to relevant communications exchanged.
- (b) The issue raised is quite significant.
- (c) The issue raised has been accepted in writing up by the executive authorities and comment of DAD offices in the assessment of irregularities etc.
- (d) All outstanding cases of IAR should be reviewed and their replies are to be obtained from the concerned units are submitted to the CDA.

Few cases studies as example are enclosed for examination of the cases of nature extended to cover entire fields of Defence expenditure or selected fields.

It is rendered Half-yearly i. e. March and September (HYE)

Some specific points on which proper attention and case should be devoted for detection of serious and important audit objections, are mentioned below:-

- (1) Hooking of expenditure in excess of allotment.
- (2) Splitting up of sanctions as to bring it within the powers of the authority.
- (3) Holding of stores in excess of its authorization.
- (4) Costing errors.
- (5) Non-verification of stocks, monthly, quarterly, Half-yearly and annually.
- (6) Stores charged off from ledgers not tally with the issue vouchers.
- (7) Non-credit of stores
- (8) Non maintenance / production of auditable documents.

These reports will be rendered half yearly to the CODA by the CDA who in turn transmit the same to the Defence Secretary.

| Sl No | Name of Unit | Brief Particulars of objections | Monetary Value | How/When detected |
|-------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | 2 | 3 | 4 | 5 |
| | Garrison Engineer(I) Factories Ishapore | <p>INSTRUCTION EXPENDITURE DUE TO PAYMENT OF PAY & ALLOWANCES TO 8 (EIGHT) IDLE MT/DRIVERS WEF 1/2003 TO 12/2003 AS PER ENCLOSED ANNEXURE 'A'</p> <p>Pay and allowances of 11 (Eleven) MT/Driver is being paid wef 01/2003 as against actual holding of 3 (Three) vehicle. This has resulted in huge infractions expenditure due to payment of 8 (Eight) idle MT/Driver wef 1/03 to 8/05</p> <p>GE Ishapore (Now GE (1) FY Ishapore)is authorized for 10 (Ten) vehicle (other than Motor Cycle), out of which 6 (Six) vehicles were discarded under CWE(P) Kolkata letter No. 4035/B00/ E4 dt 21/1/03 and 1 (One) vehicles is attached to GE Barrackpore since 11/2001. Only 03 (Three) vehicle remain with the division.</p> | Rs.1550915/- Position as on 1/03 to 8/05 | Detected during Internal Audit of store accounts of GE Ichapore (Now GE(I) Fys Ichapore for the period from 10/02 to 03/03 and placed (under Pt-II objection) item no 29 under our letter no: LAO/BKP/Audit/GE(I) ISH dated 10/02 to 03/03 dated 14.08.03 |

Ledger No. UA/BKP/108 P/ 124 to 131

| Ser No | Transfer vr. No. & date | Quantity cement | Transfer | |
|--------|----------------------------|--------------------|-------------------|-----------------------------------------------------------|
| | | | From | to |
| (a) | 05/TV/86/BR dt.21.03.03 | 640 Bags | Maint. service | Job no. KSA/SPEC/R-23 02-03(1/463/01) minor work |
| (b) | -do- | 550 Bags | -do- | Job no. KSA/BKP/LB/06 of 02-03 Major work (1/902/36) |
| (C) | -do- | 660 Bags | -do- | Job no. KSA/BKP/LB/09 of 02-03 Major work (1/902/36) |
| (d) | 05/TV/87/BR dt 22.03.03 | 2006 Bags | -do- | Jobno.KSA/BKP/SPEC/R11 02-03 (1/463/01) minor work |
| (e) | 05/TV/89/BR dt 31.03.03 | 256 Bags | -do- | Job no. CAL/NOIC/Rev/02 minor works 1/651/02 |
| (f) | 05/TV/90/BR dt 31.03.03 | 57 Bags | -do- | Jobno.BA/BKP/Min/works/05 of 02-03 minor work (1/452/00) |
| (g) | -do- | 76 Bags | -do- | JobNoBA/BKP/Min/works/04 of 02-03 minor work (1/452/00) |
| (h) | 05/TV/92/BR dt 31.03.02 | 185 Bags | -do- | Job no.BA/BKP/min/works/12 of02-03 Minor works (1/452/00) |
| | Total | 4430 Bags | | |

**INTERNAL AUDIT REPORT FOR 08/2003: LAO (A)
BARRACKPORE**

| Ser No. | Name of Unit | Brief particulars of objection | Monetary Value | How and when detected | Action taken |
|---------|----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| 1. | GE Barrackpore | <p style="text-align: center;"><u>IRREGULAR BALANCING OF BUDGET BY GE</u></p> <p>443 Bags of cement have been transferred from maintenance service to majori/minor works on the order of GE Barrackpore at the fag end of financial year 2002-2003 (as detailed in the enclosed Appendix, `A') which are still lying un-utilised there in. On enquiry the specific reasons for which such huge quantity of cement transferred could not be stated. Thus it is presumed that cement so transferred at the fag end of financial year is only to balance the OE's budget which is highlyirregular and grass violation of financial discipline. Further, out of above quantity of cement so transferred~ 256 Bags has been re-transferrrd again from minor works to ' Maintenance service just after one month vide vr. No. 05./TV/93/BR/dt 3.5.03. This also indicates that cement initially trmsfemed to minor work on 31.3.03 (vide vr. No.05/TV/89/BR dt. 31.3.03) is only due to balance the budget i.e., either to avoid Laps of funds or for payment of works bills. Cement being short life stores, storage for such a long period (since 3/03) might have resulted deterioration and become unfit for uffization. GE BKP has been requested to regularize the above irregular tramacticm under oho order or CFA.</p> | Rs 6,91,080 (Rs.156 x 4430 Bags) | The irregularity is detected during the course of audit of store account of GE Barrackpore for the period from 10/02 to 03/03 and objection raised vide letter No. LAO/BKP/Audit/GE BKP/10/02 to 03/03 dt 07-08-03 | Reply is awaited from GE Barrackpore |

INTERNAL AUDIT REPORT FOR THE MONTH OF 12/2002
LAO (A) BARRACKPORE

| Sl. No | Name of Unit | Brief particulars of objections | Monetary value | How detected |
|--------|--------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 01 | Station Hqrs Barrackpore | A sum of Rs 3,66,777=57 on account of rebate charges, Security Deposit, Rent etc. Collected direct from the private Parties of Defence area of Barrackpore has been accounted for the Regimental Funds of Stn HQ Barrackpore instead of depositing the same into Govt treasury (Pub Fund A/C) which is irregular, and thus placed under objection for regularization. In spite of several pursuance, the amount has yet been deposited into govt. treasury. The matter was taken up with M.O. Patna vide our letter NO LAO/BKP/41/AR dt 9.8.93 which has been responded vide MO Patna DO letter No dated FA/1/MAR/6/93 & 7/93 dt 7/9/93. | Rs.366777.57 | Detected during cash inspection of public funds account of Station Headquarters Barrackpore for the period from 4/91 to 3/92 and placed under objection vide Annexure "A" enclosed. |

LAO (A) Barrackpore

**INTERNAL AUDIT REPORT FOR THE MONTH OF 11/2002
LAO (A) BARRACKPORE**

| Sl No | Name of unit | Brief particulars of objections | Monetary value | How detected | Action taken |
|-------|----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|
| 1 | GE Barrackpore | <p>Contract for fencing work costing Rs. 1.99 Lakhs concluded along with other works (Special repair-Bldg No 43 to 46, into Community Motivation hall at Kanchrapara vide CA No. CWE/BKP/12/97-98 for Rs 14.16 Lakhs to be completed with in 20.1.98. But a portion of fencing work could not be completed by the contractor due to dispute in boundary line at Northern side ever after giving an extension up to 28.2.98. The matter was taken with Station HQ Kanchrapara & GE Barrackpore Vide AGE BR Kanchrapara letter No. 868/97-98/110 dt 13-1-98 and No. 868/KPA/97-98/129/E8 dt 12-3-98 for settlement of the dispute. But the dispute in question could not be settled by them.</p> <p>Unfortunately, pending completion of said disputed portion of fencing work, AGE BR Kanchrapara has issued a satisfactory completion certificate to the contractor exempting the disputed portion of fencing work vide his No. 868/97-98/122/E8 dt 4.3.98 and accordingly GE Barackpore has also issued satisfactory completion certificate vide his No. 80011/12/97-98/84/E8 dt 4.3.98. Based on completion certificate of GE Barrackpore, final bill bearing Vr No, 10/0421 dt 27-2-98 for Rs.14, 61,184.80 in r/o above work has been released and paid to contractor on 11.5.98.</p> <p>The purpose for which contract for said fencing work was undertaken has been defeated due to non-completion of a portion of fencing of work. The expenditure incurred on fencing work, thus caused infructuous expenditure to the state.</p> <p>As the dispute arose after carrying out major portion of fencing work, audit is in a view that entire process of above contract was defective due to laxity of executive authorities.</p> | Rs.1.99 lakhs | Detected during internal audit for the period from 4/99 to 9/99 vide LAO (A) BKP letter no. LAO /BKP/GE-BKP/4-9/99 dated 1.4.2000 (Objection no.19) | An extract of reply given by the BKP under his letter no. 5009/266/E 5 dated 22.6.2000 is enclosed |

LAO (A) Barrackpore

Date: 4.11.2002

EXTRA ISSUE OF LPG LEADING TO EXTRA EXPENDITURE

The Scale of LPG to be issued to personnel below officers' rank is 95gms per head per day. Formation Commanders, not below the rank of Divisional Commander, have been delegated powers to authorize increase not exceeding 50gms of LPG per head per day, over and above the laid down scale, for short periods not exceeding six months, for valid reasons. If such an increase is considered inescapable in excess of six months continuously, sanction of the Government will be necessary. Army Instruction No. 29/88 refers. (29/99)

2. Headquarters 14 Inf. Div had sanctioned additional 50gms of LPG per man per day to the Units of Inf. Div from 1, 6.99 to 30.11.98 followed by sanctions for the period from 1.1.99 to 30.6.99, 15.7.99 to 14.1.2000, 1.2.2000 to 15.7.2000 and 1.12.2000 to 30.4.2001. This has resulted in additional drawls of LPG of about 65953kgs costing Rs.7.34lakhs.

3. It is evident from the above that the period of each sanction accorded by Hqrs 14 Inf. Div was kept within six months by giving short periods of technical break in between the two sanctions to avoid the sanction of the higher CFA i.e. the Government of India in this case. The sanctions issued by 14 Hqrs Inf. Div therefore need to be regularized under Government orders. Other Units/Formations at the same station have been also to adhere to the LPG drawls norms, besides ensuring regularization of the irregularity, AHQrs may also issue necessary instructions down the line to ensure compliance of the instructions contained in Army Instruction No. 29/08 in letter and spirit.

C.D.A. (Army)
Meerut

**IRREGULAR RE-APROPRIATION OF A DEFENCE
BUILDING AT TRIVANDRUM FOR KENDRIYA
VIDYALAYA**

Under the provisions contained in Para 1 of Defence Works Procedure 1986, that no work will be sanctioned unless it is considered essential to the effective functioning of the Defence Services. The accommodation constructed has to be used only for the purpose for which it has been approved and that the re-appropriation may only be done if a building has been declared surplus to the requirement.

2. A Defence building constructed in March, 1997 for Garrison Engineer (Air Force), Trivandrum as part of the other than married accommodation for Hqrs Southern Air Command Southern Air Command (U), at a cost of Rs.4.75 crores was re-appropriated for Kendriya Vidyalaya immediately after its completion, even without taking any formal re-appropriation orders from the competent authority, The Garrison Engineer (Air Force) for whom the said building was constructed, was accommodated in the newly constructed building for Command Works Engineer(Air Force) without obtaining formal orders of the competent authority for its re-appropriation. In November 2001, the sanction for the provision of deficient accommodation for Garrison Engineer (Air Force) as accorded and the work is stated to be in progress. In reply to the points raised in audit, Command Works Engineer (Air Force) has stated that the re-appropriation orders for the said building in use of Kendriya Vidyalaya will be obtained from the HQrs. Southern Air Command (U) and that the accommodation has given to the Kendriya Vidyalaya as a welfare measure.

3. It will be seen from the above that the accommodation, which was built for the Garrison Engineer (Air Force) Trivandrum, has been re-appropriated from the date of its completion in gross violation of the orders on the subject, even without taking the formal orders for its re-appropriation from the competent authority. The matter needs looking into and regularization under Government orders.

CDA Chennai

INFRACTUOUS EXPENDITURE INVOLVED IN PROCURING AND HOLDING OF TYRES

It was noticed during audit of Mechanical Transport Section in respect of Gun and Shell Factory, Cossipore that 20 numbers of tyres costing Rs.2.00lakhs, procured for 12 ton truck, were lying unutilized in Mechanical, Transport Godown for a longtime. These Tyres do not appear to have been accounted for in the stock register maintained by Mechanical Transport Section. The 12 Ton trucks for which these tyres were procured had been disposed off in 1993. In reply to the point raised in internal audit, Factory Management had contended that the tyres are decade old, and found during pulling down of the old Mechanical Transport Garage. This is indicative of poor inventory controls

2. Immediate action is required for regularization of infructuous expenditure under the powers of the Competent Financial Authority.
3. The matter stands reported to the Ordnance Factory Board.

Principal Controller of Accounts (Fys)
Kolkata

**INCOME EARNED FROM PUBLIC MONEY NOT CREDITED
TO THE GOVERNMENT ACCOUNT**

It was noticed during the audit of stamp account of Heavy Vehicle Factory (HVF), Engine Factory (EF) and Ordnance Clothing Factory (OCF) Avadi that rebate @ 3% which is allowed by the Postal authorities, on the total value of postage franked through the Franking Machines, had not been credited to the Government account (Public Fund Account) nor the same was adjusted in the payment released to the Postal Department while releasing payment for postages. The 3% rebate allowed by the Postal authorities in respect of above three Ordnance Factories was availed of in cash from Postal authorities which worked out to Rs.1.13 lakhs, as per details given below during the period December 1997 to December 2001 and the same was distributed to the staff every year without passing the said transactions through the Public Fund Account Cash book.

| Name of the factory | Franking machine No | Period | Annual rebate 3% of franked value (amount in Rupees) |
|---------------------|-------------------------------|----------------------|------------------------------------------------------|
| HVF Avadi | TN/34/0014 87-97 | 3.12.97 to 15.12.08 | 75049 |
| OCF Avadi | 313728 | 17.11.98 to 10.11.01 | 24952 |
| EFA Avadi | TN/34/0057-98 (Model no.A900) | 16.12.98 to 15.03.01 | 13315 |
| | | Total | 113316 |

2. Thus, the amount which should have been credited to Govt. account has been mis-appropriated and distributed amongst the staff which is irregular and require investigation and recovery from the concerned staff members.

3. In response to the point raised in audit, General Manager, Engine Factory has initiate action for recovery of Rs13, 315/from the concerned individuals. But the Managers, Heavy Vehicle Factory and Ordnance Clothing Factory have expressed their inability to recover the amount from the staff and as such the same would require

regularization as cash loss under the orders of Competent Financial Authority.

4. The matter stands reported to the Ordnance Factory Board.

Principal Controller of Accounts (Fys)

Kolkata

**LOSS OF REVENUE DUE TO NON-RECOVERY OF LICINCE
FEES AT REVISED RATES - ORDNANCE FACTORY
AMBERNATH**

The rate of licence fee in respect of classified Government quarters were revise wef 1.7.1999 under Government of India, Ministry Urban Development OM 18011/2/98-POL-III Dated 29.6.99 and the same was circulates under Ordnance Factory Board letter No. 1001/QR/LF/A/W Dated 31.3.2002.

2. It was notice during the scrutiny of licence fee bills that the rate of licence fee in respect of classified Government quarters in Factory Estate at Ambernath has not been revised wef 1.7.99 contrary to Government orders dated 29.6.99 non recovery of a sum of Rs.9.29 lakhs for the period from 1.7.99 to 30.9.2002 from the concerned occupants of the classified accommodation. Inordinate delay in effecting recovery of revised Licence fee from the occupants of Government quarters may lead to loss on account of transfer/retirement/death etc of such occupants

3. The matter needs to be looked into immediately and action taken to recover the revised licence fee including the arrears for the period commencing from 1.7.1999. In case any of the amounts has become irrecoverable, the same will require regularisation as cash loss under the orders of Competent Financial Authority.

4. The matter stands reported to the Ordnance Factory Board.

Pr. Controller of Accounts (Fys)
Kolkata

RECURRING SAVING DUE TO REDUCTION IN MAXIMUM CONTRACTED DEMAND OF ELECTRICAL ENERGY AT HAPP, TRICHY

Under the agreement concluded on 12th January 1995 with the Tamilnadu Electricity Board by the Heavy Alloy Penetrator Project, Trichy, the Electricity Board was to supply electrical energy to the said project at HT with a recorded maximum demand of 3500 KVA per month at the rate of Rs.150 per KVA, The rate was enhanced to Rs. 300 per KVA from January 2002. As per the terms and conditions of the agreement, the payment of electricity for the maximum contracted demand of 3500 KVA per month is required to be made at the normal rate of Rs. 300 per KVA. If however the consumption goes beyond the maximum contracted demand of 3500 KVA, the excess consumption is to be paid at double the normal rate as penalty charges i.e. 600 per i.e. KVA.

2. The consumption of electricity of HAPP Trichy was reviewed for the years 2000-01 and 2004-02 and it came to light that the consumption was far less than the maximum contracted demand of 3500 KVA for which the payment was being admitted as per terms and conditions of the contract agreement. The maximum monthly consumption of electricity during the year 2000-01 was 3280 KVA which came further down to 3160 KVA during 2001-02 against the maximum contracted demand of 3500 KVA. This has resulted in excess payment for certain quantity of electricity which was not in fact consumed during the: month by the project.

3. Keeping in view the trend of consumption every month, the factory management was advised to take up the issue with Tamilnadu Electricity Board to revise the maximum contracted from 3500 KVA to 3300 KVA. The Factory Management accepted to the advice and, accordingly, the contract with Tamilnadu Electricity board was revised bringing down the maximum contracted demand to 3300 KVA from 3500 KVA. This has resulted in a recurring saving of Rs.7.20 lacs per annum.

Pr. Controller of Accounts (Fys)
Kolkata

A few examples: -

Annexure-B

1. The working of hospitals by comparison between the costs of diets, extras, etc;
2. The raling or Back-raling of stores (by examination of counter-foils of Credit Notes)
3. Use of Government transport;
4. The cost of M.E.S. maintenance and repairs;
5. Working of contracts, both A.S.C. and M.E.S.;
6. Critical examination of the practical working from the financial point of view of various measures introduced by Government;
7. General scrutiny of Part-II orders units (this may disclose matters on which financial advice may usefully be tendered to administrative authorities)
8. Condemnations of equipment, etc. in different units of the same arm of the service;
9. Scrutiny of estimates and expenditure pertaining to large works or projects with a view to seeing whether there have been material modifications or deviation from the sanctioned estimates;
10. If the accounts for the month of March of any G .E.'s office or the statement of cheques issued during march received from it, indicate an unusual and serious xx rush of payments towards the enclose of that month, the section should investigate the causes and the effects of the rush and hurried payments which it must have involved to enable us to project the same as an item of our Internal Audit Report. The copy of the format is enclosed for your ready reference.

Sd xxxxx

(M.D.PALIATH)

Jt. CGDA (Systems)

Copy to :

The IFA

With reference to para 7 above, the report may please be submitted by the due date.

Sd xxxxx

(M.D.PALIATH)

Jt. CGDA (Systems)

Major Financial and Accounting Irregularities

The Controllers will prepare quarterly reports on the Major Financial & Accounting Irregularities , (Short form MFAI Report) dealing with the matters relating to units and formations for the Command as a whole, for the quarters ending June, Sept., Dec. and Mar. each year, by the 20th of the month following of the quarter. The following types of irregularities will be included in the report:

- (a)
 - (i) Cases involving irregular maintenance or non maintenance of accounts which, in the personal opinion of the CDA, have serious implications.
 - (ii) Cases in which the value of financial irregularities or loss involved is Rs.1lakh or more in each case. Besides, Controllers may at their discretion include cases which disclose loopholes for fraud, defalcation etc, regardless of the financial limit referred to above.
 - (iii) Cases of serious irregularities which cannot be translated into financial terms, but which, in the personal opinion of the Controller, should be brought to the notice of Army Commanders/Air Headquarters/Naval Headquarters, D.G.O.F. (in the case of factories) and Administrative Heads of Departments/Organisations (in other cases).
- (b) Apart from cases of financial irregularities coming to the notice of Controllers through audit processes in the main office and Local Audit Offices/sub offices and reports from the administrative authorities, special attention should be paid to the following items:
 - (i) Utilisation of plant and machinery for the purpose for which it was purchased and installed.
 - (ii) Identification of slow moving and non moving items of stores in Depots/Stores holding formations.
 - (iii) Deterioration in the condition of stores due to unduly long, inadequate storage.
 - (iv) Defective planning and implementation of projects involving significant investments high-lighting, in particular, major deviations from original time and cost targets.

It is important that every case requiring inclusion in the report should be included therein promptly and without undue loss of time. Whenever, there is an abnormal delay either in the detection of an irregularity or in its inclusion in the MFAI Report after its detection, the reasons therefore should be reported to the C.G.D.A. either through the report itself or simultaneously with its submission.

The MFAI Report will be rendered in two parts viz. Part- I and II, specimen proforma I and II reproduced at annexure `B' &'C' to this chapter. Part I is for indicating Fresh Irregularities and Part II for irregularities reported previously but still remaining outstanding. Both the parts have been divided into two sections each viz. Sections 'A' & 'B'. Section `A' is for indicating cash irregularities and Section '13' for stores irregularities.

So far as the old items included in Part II are concerned. Besides giving the item nos., and the month of the reports in which the items were originally included, a gist of each item in brief should also be given, inter alia .indicating the latest position, for readily drawing the attention of the authorities concerned. The separate report for the month of April each year which was hitherto rendered to CGDA need not be furnished, as the quarterly reports will be endorsed to CGDA.

The reports will be addressed and copies endorsed to parties concerned in the following manner.

- (a) In the case of Army units/formations, the reports will be addressed to GOC IN C command by name with copies to Area/Sub Area Commander enclosing' items pertaining to their areas.
- (b) Controllers of Defence Accounts (Air Force) and (Navy) will address the reports to Command Headquarters.
- (c) Reports in respect of D.G.O.F, DGNCC, DGR & D, DGQA & BR.DB and Interservices organisations, etc., will be addressed to the departmental heads, with copies to the concerned Laboratories/Establishments together with items pertaining to them. The forwarding letters of the reports should invariably be signed by the CDA or by the MCDA in the absence of the CDA.
- (d) Copies of all reports will be endorsed to the CGDA SR.D.D.A/Deputy/Assistant D.A.D.S.

The reports should be drawn up and edited with the greatest care so as to achieve the object for which they have been introduced.

The narration of each item in the report should be brief, self contained and lucid and should clearly bring forth the nature of irregularity, the extent of its seriousness, the amount involved, the precise point at which failure is revealed and reference to the relevant rules and orders etc. The narration should also indicate inter alia all the action taken till the time of reporting (both at command level and at the CDA's level), so that wherever necessary, instructions could be issued by Government straight away to the Service Head. Quarters etc, when such cases are reported to them. The following points should also be explicitly mentioned in the narration of each case of irregularity, wherever necessary:

- (i) Whether the irregularity has come to light during percentage audit and/or during process of check over selected items, or whether it is a case of erroneous certification by the executive; and
- (ii) The precise point at which and the extent to which failure on the part of the executive is revealed.

Cases which in the personal opinion of the Controller are so-important or significant, as to be reported to the Ministry of Defence/Service Hqur/ Ministry of Defence (Finance) , will be included in Part II separately for cash and stores. [Reproduced at annexure (C) to chapter 17). Nil report will also be indicated. All other cases will be included in Part I of proforma I.

The narration in part I of the report should be concise and to the point, highlighting the specific nature of the irregularity in order to effectively draw the attention of the concerned authorities. The narration should not normally exceed 2 pages.

Note: Items in the MFAI Reports which are subsequently included in the CGDA's Certificate appended to the printed Appropriation Accounts will be formally taken out of the MFAI Reports, but pursued to finality in the normal course.

In order to enable action being initiated by the CGDA and by authorities at Armed Forces Headquarters/Administrative Authorities concerned in cases referred to in the preceding paragraph, full particulars of the action already taken at Headquarters Commands or by the CDA and the nature of action suggested for consideration at CGDA's level, will also invariably be indicated. Copies of relevant correspondence that has passed on at Command level, etc, will -also be enclosed for information.

ANNEXURE `A'

No.....
Office of the CDA
Dated

To

The GOC IN C (by name)

Sub: Quarterly report on Major Financial and Accounting irregularities.

The report on the above subject for the quarter ending
..... is enclosed for the favour of information and necessary action.

Part I section (A) : case irregularities fresh items (nos....)
Part I section (B) : stores irregularities fresh items (nos.....)
Part II section (A) : cash irregularities, items already reported but-still outstanding (nos.....),
Part II section (B) : stores irregularities items already reported but still outstanding. (nos.....)

Cases of other irregularities noticed in audit have been reported to concerned-authorities as necessary.

Controller of Defence Accounts

Copy to:

- (1) The CGDA, West Block V, Wing III RK Puram, New Delhi-110066
- (2) The Director of Audit (Defence Services)
- (3) Headquarters.....
...together with details of items shown in the margin.

Dy. C.D.A.

ANNEXURE `B' TO CHAPTER 17 PROFORMA I(FRESH CASES)

Office _____ of _____ the
 C.D.A.....
 Report on Major Financial and Accounting Irregularities for
 Q.E.....

Part I section `A'-Cash Irregularities

| S.No. | Name of the unit/formation | Particulars of irregularity | Financial effect | Periods of accounts affected | When was the irregularity first noticed in audit, and to whom it was reported | Latest position of the case indicating action taken so far by the lower authorities | Remarks |
|-------|----------------------------|-----------------------------|------------------|------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|---------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | | | | | | | |

Part I section `B'-Stores Irregularities

| S.No. | Name of the unit/formation | Particulars of irregularity | Financial effect | Periods of accounts affected | When was the irregularity first noticed in audit, and to whom it was reported | Latest position of the case indicating action taken so far by the lower authorities | Remarks |
|-------|----------------------------|-----------------------------|------------------|------------------------------|-------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|---------|
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |
| | | | | | | | |

Dy. Controller of Def Accounts

Office _____ of _____ the
 C.D.A.....
 Report on Major Financial and Accounting Irregularities

Part II section `A'-Cash Irregularities

List of case already reported but still outstanding

| S.No. | Name of the unit/formation | Item no. and the Quarter of reporting | Brief gist of the irregularities | Latest position | Remarks |
|-------|----------------------------|---------------------------------------|----------------------------------|-----------------|---------|
| 1 | 2 | 3 | 4 | 5 | 6 |

Part II section `B'- Stores Irregularities

List of case already reported but still outstanding

| S.No. | Name of the unit/formation | Item no. and the Quarter of reporting | Brief gist of the irregularities | Latest position | Remarks |
|-------|----------------------------|---------------------------------------|----------------------------------|-----------------|---------|
| 1 | 2 | 3 | 4 | 5 | 6 |

Dy. Controller of Def Accounts

Annexure

MFA1 Fresh items for Q.E.3/04

CDA (BR) New Delhi

Part I Section 'A' Cash Irregularity
114 RCC 35 BRTF Project Beacon

It was noticed during the internal audit that inadmissible payment to the tune of Rs.9.25lakhs was made on account of SCRLA to GREF personnel of 1) 4 RCC, which requires regularization under the orders of Govt. of India.

CDA Chennai

Part I Section 'A' Cash Irregularity
CE (Navy) Visakhapatnam

An agreement was made with Tamilnadu Electricity Board (TNEB) on 13.7.95 for Contracted Maximum Demand (CMD) of 250Q KVA assuming the total of demand within that range in r/o INS Kattaboman, Thirunelveli. The agreement was further revised on 26.1.99 and CMD reduced to 2000 KVA. A Board of Officers recommended further revision of CMD from 2000 KVA to 1450 KVA and got the approval by TNEB. The payment had to be made for the C.M.D. or the actual consumption whichever was higher as per the agreement. Whereas, the actual consumption was much less than the contracted demand which resulted in heavy extra payments to TNEB. A sum of Rs.2,20,000/- in 1/2002 and Rs.110,000/- in 4/2002 was paid to TNEB for reduction of CMD as one time payment and forwarded to CWE (N) Chennai on 18.4.2002. During May 2002, MES authorities suggested to the Unit whether reconsideration of the downward revision was required in this case. The Unit initiated the case with Hqrs. ENC for maintaining status quo of 2000 KVA without considering the fate of payment already made to TNEB. After reconsideration a decision was taken by the Unit to finalize the agreement for 1450 KV_A in Nov. 2002 and it was executed on 27.8.03. The avoidable delay between the time of deposit of the amount to TNEB long back and finalization of the agreement, which was due for reducing the CMD to 1451) KVA, has caused extra expenditure of Rs.12.31lakhs.

CDA Secunderabad

Part I Section 'A' Cash Irregularity

1. 15 Corps Zonal Work Shop
C/o 56 APO

During the course of audit of Imprest Account No. 7892 for the month of February' 2002 pertaining to 15 Corps Zonal Work Shop c/o 56 APO, PAO (ORs) EME had observed that CML of Rs.600/- was exceeded and a balance of Rs.4, 50,050/-on 28.2.2002 was spent on 5.3.2002 instead of depositing into treasury and re-drawal on CR. Hqrs. 31 Sub-Area ordered a one-man investigation. It was found by the one man investigation that the C.M.L. was exceeded correct procedure was not being followed and that cash to Bank transactions were different from those mentioned in the Bank Statement etc.

Pr.CDA (SC) Pune

Part -I Section 'A' Cash Irregularity

- 2 of 03-04 CA No CERD/PSN/01 of 2003-04 of CE R&D
Secunderabad and to be executed by GE (1) R&D Pashan

The case is about a separate contract agreement for protection of Arboriculture assets from wild animals. Arboriculture work was to be sanctioned by CFA either as a part of the main work project or supplementary to it. Thus concluding a separate contract for protection of Arboriculture assets from wild animals was not found in order.

CDA Bangalore

Part I Section 'A' Cash Irregularity

- 1) ASC & College Bangalore

The case relates to the sanctioning of works in piecemeal to bring within the powers of lower authority. The Commandant ASC & C Bangalore sanctioned Special Repairs to various BSDs at ASC & College through four Admin Approvals at the total cost of Rs.50.34lakhs. This was objected by the CDA as the total cost was beyond the power of the Commandant ASC & C and requested the unit to obtain sanction of the appropriate CFA Hqrs Southern Command for the works as a whole.

Military School Belgaum

This irregularity is about 6 individuals who had been appointed newly w.e.f. 3/02 and 4/02 without the clearance of screening committee. An individual has already resigned from the service.

CDA (R&D) Banagalore

Part 1 Section 'B' Store Irregularities

1) Defence Avionics Research Establishment (DARE) Bangalore

It was noticed during the pre-audit of supply orders that Rs.2.13crores was spent from the Buildup Budget of Defence Avionics Research Establishment (DARE) during the month of March 2004 alone and Rs.1.90crores was spent separately during the same month under different projects handled by DARE which was considered as 'breach of financial propriety'. The expenditure of Rs.2.13crores during March 2004 represented 43% of the total buildup budget of Rs.5 cores for the entire year. A total of 40 supply orders were placed. Out of these 38 supply orders representing 95% were less than Rs.5 lakhs without CDA's representation. In addition, 31 supply orders were released during the month under different projects amounting to Rs.1.90crores. The value of the above 71 supply orders released during March amounted to Rs.4.03crores. The above supply orders included one on M/S Acers India Pvt. Ltd for Rs.40, 51,700 for purchase of 100 personal computers under the DGS&D rate contract. No TPC was held nor CDA representative associated in the purchase to examine the acceptance from necessity angle. The Purchase Management Document 2003 states that quantity for procurement in r/o Computer items should be restricted to meet the present needs only as there is an all round downward trend in computer prices. Hence, purchase of 100 computers was an irregularity to meet the present needs as the total strength of DARE was only 107 officers. Further, the DARE had already concluded A.M.C. for 2003-04 for 128 computers. From records, it is seen that DARE had already procured 130 computer systems/PCs during the last few years. The lab was advised thorough investigation and regularization.

2) Defence Avionics Research Establishment (DARE) Bangalore

The Defence Avionics Research Establishment (DARE) Bangalore ordered Works Technical/Stores Building under DAWN Project for Rs19.25Lakhs on M/s Three Engineers, Bangalore during March 2004. The following irregularities were noticed: -

- a) The subject Civil Works had been ordered following the procedure laid down in Para 1.4 of Purchase Management Document 2003, which does not include Civil Works.

b) The Civil works had been ordered by placement of 'Supply Order', which is inappropriate. The payment terms specified were 30%, 30% and 40% and 'delivery period' specified was 31.3.04 for supply order dated 10.3.04. Since Civil Works have many peculiar features, it is a violation of the procedure for carrying out such works.

c) Since payments for civil works are to be regulated with reference to measurement of the works executed, it can't be ensured that payment was related to the work done.

d) The work carried out by a private agency rather than a Departmental one/MES required justification and regularization under the orders of Competent Authority.

e) The entire cost of Civil Work was being booked to LP funds allotted to DARE under Major Head 2080, Defence Services. The creation of a capital asset under Local Purchase Head was not in order and hence required to be regularized under the sanction of Govt. of India.

CDA Chennai

Part I Section 'A' Cash Irregularities AGE (1) Tirunelveli

It was noticed during the local audit of store accounts for the period of 10/92 to 3/93, that two Military Credit Notes pertaining to AGE (I) Vijayanarayanan Tirunelveli had been lost. The loss was to be dealt with as loss of Public Money and had to be attributed to negligence of duty, Board of Officers was convened on 6.5.2003, which sought certain clarifications from P.C of A (Fys) Kolkata. The case required regularization and Staff Court of Inquiry had to be convened by staff authorities for the regularization of loss. In addition, the reasons for the seemingly unwarranted delay in initiation of the loss statement required thorough investigation for fixing up responsibility and suitable remedial measures for monitoring the progress of finalization of such losses at all levels.

CDA Jabalpur

Part I Section 'B' Store Irregularities MTR (1 STC) Jabalpur (under Hqr. M.B. Area. Jabalpur)

During the Test check of clothing accounts of the Unit, it was noticed that the clothing item such as Jacket Combat, Trouser Combat, Coat

Combat, Shirt Poly OG and Trouser Poly OG were issued in advance to the recruits undergoing basic Military Training of 19 weeks. During the training period, Khaki Cotton Shirts and trousers and Jersey Pullovers were only issued to the recruits and not the other clothing items, which will be issued after the completion of the Military Training. As these Items could not be used during the training period, the pre issue of these clothing Items has resulted in wasting of their life without use and also counts for subsequent replacement. This resulted in an extra expenditure of Rs.59, 81,503/- which requires regularization under the orders of the Govt. of India.

PCDA (AF) Dehradun

Part I Section 'A' Cash Irregularities
(Rendered to AOC-In-C Hqrs. TC Bangalore)
AF Station Yelhanka

The case is about the irregular payment of hiring of Bulldozer for leveling of land during the period from 1/99 to 6/2002. Out of 721 acres of land in technical area, the payment had been made on hourly basis for hiring of bulldozer for leveling of 192.05 acres during the period.

The following irregularities have come to light during the audit: -

- 1) Leveling of land is not covered under the authorized items under Flight Safety head, which is irregular.
- 2) The work for leveling of land was commenced in the month of Jan 1999; the Unit had called for quotations only in the month of October 2000. Payment was made to the contractor from 18.1.99 to 16.7.00 @Rs.370/- per hour, from 2.8.00 to 31.1.01 @Rs.375/- per hour and from 5.9.01 to 22.6.02 @Rs.260/-. Commencement of work before finalization and approval of the rates has resulted into an irregular expenditure.
- 3) The period of hiring was 55 hrs whereas the bulldozer was hired for total 1724 hrs for the leveling of land.
- 4) The work service come under the purview of MES, where the authorities had expressed their inability to procure special tools and plants in the absence of trained Manpower at their end and not for undertaking the work services.

5) The proposal should have been submitted at the beginning for the approval of appropriate CFA considering the vast area of land planned to be leveled. However, the work service had been split to bring it within the financial powers of HQ command.

6) As the expenditure has been incurred for leveling of 192.05 acres of land it is considered that the payment should have been released only on completion of the work. The irregular expenditure of Rs.5,61,273 for leveling of land under Flight Safety Code Head required regularization under Govt. Orders

Part I Section 'B' Store Irregularities
(Rendered to AOC-in-C Hqrs SWAC Gujrat) 1/41 Wing AF

The case relates to the irregular procurement of computer papers. The unit placed a supply order for the supply of 1000 reams of computer papers costing Rs.8, 07,800/

The following irregularities were noticed at the time of audit:

- 1) No CFA sanction was obtained for the purchase of computer paper.
- 2) The procurement of the papers was in excess of the requirement of the unit. It was already holding 580 reams of papers
- 3) The unit transferred the surplus papers to various other units on rising of the objection. Since the procurement of papers was made without obtaining CFA sanction and was in excess of unit requirement, the matter should have been brought to notice of command Hqrs before transferring surplus paper to other unit
- 4) It was also observed that an overpayment of Rs.800/- had been made as the supply order was placed for Rs.8, 07,800/- whereas as per delivery chalan the payment claimed by the firm was Rs.8, 08,600/-

This requires Investigation and regularization under the orders of Govt. of India.

CDA Bangalore

Part I Section 'A' Cash Irregularity
1811 PNR COY, Delhi Cantt.

The case is about the loss of imprest money while in transit from Bank to Unit. The financial effect is Rs.1,41,000/-. The money was snatched by two persons on a scooter from the JCO on cash duty while he was returning on his bicycle from the Bank after withdrawing the cash. The Court of Inquiry was ordered on 6.9.2003 but proceedings are yet to be received causing delay in regularization of loss.

PCDA (SC) Pune

Part I Section 'A' Cash Irregularity
1 of 04/05 GE (R & D) Pashan

The case relates to the contracts which were concluded without the prior approval of Command Chief Engineer as required under AHQ, E-in-Cs Branch letter No.A/00231 /VIP/E2 dated 18.3.97 for conclusion of manning and operation contracts. No contracts are to be concluded for any such work where the tradesmen are available to execute the work. GE (R & D) Pashan concluded three contracts on account of manning and operation in respect of sweeper and pipe fitter. In the case of two of the above contracts sanction of Chief Engineer R&D Secunderabad had been obtained and in the third case sanction was awaited. CDA insisted for approval of Command Chief Engineer as per E-In-C Branch letter quoted above. Further the contracts were concluded for the provision of sweeper, which since not coming under the tradesmen was not the duty of MES to provide sweeper services to units. It is the duty of Station Commander to provide the services of sweeper. Thus accepting the above tenders Govt.is going to incur extra expenditure. The financial effect is Rs.14, 35,607/-

- 1) 2 of 04/05 GE Dehu Road CA NO.GE (D) /21 of 02-03

During scrutiny of a contract agreement it was seen that the rates and amounts had been scored/amended for upward revision but the contractor had not amended the column No. 7 of Sch A (amount) which resulted in the increase of amount of contractor by Rs.66000/-

Further it was observed that the contractors total initially came to Rs.704190/- But after the corrections the contractor further corrected the total amount as Rs.753694/which had been subsequently encircled by the tender opening officer. It is therefore not understood when the contractor had not corrected/amended the column No.7 of Sch 'A' how he arrived at the figure of Rs.753694/-. The contractor has also not scored his originally quoted amount of Rs.704190/-. It possibly meant that quoted amount/rates had been got changed by MES authorities after opening the tender.

CDA Patna

Part 1 Section 'A' Cash Irregularity 2) HQ, Bengal Area Alipore, Kolkata

A contract amounting to Rs.6.29 lakhs was awarded to Maruti Enterprises for conservancy services without calling for competitive tender, which is highly irregular.

PCDA (AF) Dehardun

Part I Section 'B' Store Irregularity 1) 9Wing AF

The case is about the non-utilization of costly equipment valuing Rs.4a.93 lakhs, which was observed during the audit of store accounts. The equipments were procured for providing stabilized power supply of various ratings to HTF (Halwara Tech Right) i.e. to carry out first and second line servicing/repair activity on MIG aircraft. As verified from the SIB the equipment were received during December 2000, March 2001 and January 2002 and were brought on charge In October 2003 after a considerable long period. It was stated that the installation had to be done by Firm representative only. The Board proceedings for assessing the requirement of work services for procurement and laying of wires/cables and other components for installation of special power were completed on 4.9.2000 at an estimated cost of Rs.1.90 crores which required Admin Approval from Govt. of India. However, the equipment were received at station and as the work was not released, HQ WAC accorded Go ahead sanction for the execution of subject work services for Rs.33.01 lakhs through MES in Dec 2001 which was completed on 31.10.03. This includes both installation of one 500 KVA transformer and internal cabling of two hangers and lab. The warranty period for the equipment was 12 months from the date of receipt of the consignment and the equipment were received In December 2000, March 2001 and

January 2002 and were not installed yet. Due to delay in execution of work services, costly equipment were lying unutilized till date. The defective planning which led to non-utilization of costly equipment thereby blocking Govt. money required regularization sanction of the Govt. of India.

CDA Chennai

Part I Section 'A' Cash Irregularity

1) OD Avadi Chennai

The case is about the non-accounting of Tanks costing Rs.5.62 crores. The irregularity was noticed during the audit of store accounts of Vehicle Sub Depot for the half year ended 4/03 to 9/03. 3 tanks (T-72) out of 126 have not been taken into ledger account. In reply to the objections raised by LAO, the OD authorities confirmed that neither the HVF Avadi nor the Tank BA Nos. mentioned in the ledger account have been received. As the Issue Voucher was prepared by HVF authorities before hand and on receipt of the IVs, OD Avadi reps have noticed many defects and intimated to HVF for rectification. Even after rectification, certain defects were again noticed and subsequently rectified. This resulted in delay in final classification and the tanks were taken on charge only after final classification. Two tanks are yet to be collected by the O.D. authorities. The case reveals (i) preparation of Invoices before hand and delay in receiving the same in O.D. even after a lapse of year and a half, (ii) booking of expenditure to Army Head without actual dispatch, (iii) manufacture of defective tanks and (iv) clearance of such tanks in inspection.

1) 231 Transit Camp

This case relates to the unauthorized holding of vehicle by the Unit, leading to unauthorized expenditure of Rs. 1, 53,769/-. The irregularity was noticed during the Local Audit of Store Accounts of 231 Transit Camp. The Unit is holding a Maruti Gypsy Car, which is unauthorized. As per Para 282 (iii) of Army Local Audit Manual Part I Vol-II and 123 of Stores Accounting Instructions, it is the duty of the units to ensure that Unit Holdings are within the authorized scale. This avoidable expenditure to the tune of Rs.1, 53,769/- requires regularization under the orders of the Govt. of India.

CDA (CSD,) Mumbai

Part I Section 'B' Store Irregularity

1) CSD HO

As per JS and Addl. FA to GOI, MOD whenever internal procedures relating to the trading activities of CSD are streamlined/changed/rationalised the same should invariably be carried out with the concurrence of IFA/CSD. In spite of the above, new guidelines/procedures were issued by CSD without the concurrence of CDA (CSD) office. The matter was brought to the notice of CSD HO. The F and A Branch of CSD assured to comply with this requirement in future. It has however been noticed that CSD HO is still issuing policy related circulars like (i) relating to imposition of penalty for non-supply of the quantity as per local purchase orders and (ii) regarding market survey without the concurrence of CDA (CSD).

PCDA (WC) Chandigarh

Part I Section 'A' Cash Irregularity
DDE (WCZ Chandigarh)

During the cash inspection of DDE of HQ (WC) Chandigarh carried out on 10.8.2004 for the period 24.6.2003 to 10.8.2004, the following irregularities were detected. In the credit side, as on 10.8.2004 in the Bank reconciliation statement is seen that there are credits worth Rs.240343/- in Bank but not reflected in the Cash Book. This includes an amount of Rs.93901 on account of Adhoc Bonus drawn in 10/97 but not debited by the Bank. Another amount of Rs.55451 pertains to CPWD Elect wing Chandigarh released by PCDA (WC) Chandigarh in April 99 but not paid till date. The details of remaining 32 items totaling Rs.90991 /- are not available. In the debit side, there are debits of Rs.113551 /- which includes Rs.50, 000/- debited by the bank in a court case in 5/95 for which no sanction from CFA appears to have been obtained for charged expenditure. Rs.16,000/- on account of GPF/Final withdrawal have been debited twice, Rs.2301 /- less credited by the Bank in 7/2004, 8 items totaling Rs.15,163/- have not been credited by the Bank but amount stands paid. The financial effect is up to the tune of Rs.126792/- (Excess credit)

PCDA (CC) Lucknow

Part I Section 'B' Store Irregularity
1) TKD Unit Babina

It was noticed in internal audit that OC Tankodrome unit procured stores/equipments for Rs.4, 08, 21,460/- from Electronics corporation of India Ltd. Hyderabad for Tankodrome Project scheduled to be functional in Jan 1989. As the procured stores were not functional, the stores were not taken on charge and the project was abandoned. Apart from cost of stores amounting to Rs.3.74 crores, a sum of Rs.5.38 crores has also been incurred on a/c of civil works. The entire amount of Rs.9.12 expended is treated as infructuous which requires regularization under the orders of Govt. of India.

CDA Jabalpur

Part I Section 'A' Cash Irregularity

1) Supply Depot. Gwalior

It was observed during the cash inspection of LPG (DC) Account of supply Depot Gwalior that 60% of the commission from sale of payment issue of LPG is not being accounted for in the Public Fund Account. Only 40% of the DC commission is accounted for as in case of free issue of LPG and the balance 60% of the commission of payment issue LPG is retained in the payment issue LPG account as Regimental Fund, which is not in accordance with the procedure contained in Govt. of India. The financial effect is Rs.218724/

PCDA (AF) Dehradun

Part 1 Section 'A' Cash Irregularity

17 F.B.S.U. (A.F)

Air Hqrs accorded Administrative Approval for provisioning of MT and MTR & S section at Air Force station (17 FBSU) Tiruvandrum for Rs.100.11 Lakhs. The subject work also included a special item of work i.e. equipment for Modern Servicing Garage (M.S.G.) amounting to Rs.3 lakhs which were to be executed by the users. Accordingly a requirement was made to Air Hqrs by Hq. S.A.C., I.A.F. for local procurement of M.S.G. equipment as the supply through service sources was not available and installation of M.S.G. was under progress. Subsequently Air Hqrs. advised Hq. S.A.C. I.A.F. to procure M.S.G. equipment locally under the delegated financial powers after observing proper logistic procedure.

In pursuance of the directions of Air Hqrs, HQ. S.A.C. I.A.F. floated T.E. on M/S ELGI for 8 M.S.G. equipments treating them as proprietary items. However, there was a variation in the quotation furnished by the firm in response to the T.E. of the Unit i.e. rates for two items were not quoted. Further for purchase of other two items sanction was accorded by A.O.C.-in-C Hqrs. S.A.C. I.A.F. as the cost thereof was beyond the powers of O.C. self accounting Unit i.e. above Rs.40,000/-. The remaining items were purchased under the powers of O.C. self accounting Unit. All these items costing Rs.2, 33,941 /- have been received and brought on charge by the Unit authorities.

The following irregularities have been noticed in the above procurement valuing Rs.2, 33,941 /- during audit of relevant Cash Account Voucher:-

- i) As M.S.G. equipment is part of the-major works sanction given by the Air Hqrs, the items should have been procured by following the works procedure and treated as a single item. Further, the equipment should have been procured under Appendix-II (Part III- F.R. Part I) being a scaled item with the concurrence of I.F.A. One sanction should have been obtained for the entire amount of Rs.2, 33,941 /
- ii) A.O.C/O.C. (Self-accounting Unit) has the power of procurement of stores upto Rs.5000/- on Single Tender basis without I.F.A. concurrence.
- iii) Further, there was variation between the tender enquiry and the quotation.
- iv) Incidentally the M.S.G. equipment is available with two firms namely M/S ELGI, Coimbatore and M/S Tecale Unit New Delhi. As such tendering to one firm is irregular.

CDA (R&D) Bangalore

Part I Section 'B' Store Irregularity

1) Gas Turbine Research Estt (G.T.R.E)

During audit of Stores Accounts from 4/2003 to 9/2003 it was observed that loan issues of large number of stores were made to various Defence Organizations/Private Firms from 1993-94 onwards. As on 30.6.2004 a total of 591 items were outstanding. Out of which 197 items amounting to Rs.3, 88, 67,074/- were issued to Private vendors. In absence of proper documentation, following procedural irregularities have been noticed: -

- 1) No monetary value of stores issued during 1993-94 to 2000-01 is found entered in the ledger
- 2) Loan issues from 2001-2004 alone work out to Rs.4.74 crores which include Rs.3.88 crores issued to Private vendors
- 3) Necessary Bank Guarantee, Indemnity Bond and risk insurance for safeguarding Govt. Interests have not been produced by the Lab for verification.

2) Centre for Artificial Intelligence and Robotics (CAIR)

During audit of store accounts for 9/2004 it was observed that 835 Items of stores costing Rs.5.40 crores (approx) were struck off ledger charge without following proper procedure. Out of which stores

worth Rs.5.25 crores have been sent to Salvage Depot, Chennai and stores worth Rs.0.15 crores have been destroyed locally without associating Finance Member as required vide D.R.D.O. Hqrs. Letter no.DPRM/CPO/89501 /Disposal dated 4.3.93.

CDA (BR) New Delhi

Port I-Section 'B' Store Irregularly 535 SS & TC 42 BRTF

It was observed during the review of store account of the unit for the period 4/2001 to 9/2001 that Bitumen Emulsion Qty 6.280 MT received in damaged condition was replaced by the contractor nor regularized under the order of Competent Financial Authority. It was also observed that loss of 13.758 MT of Bitumen due to leakage at Dett. Dulabari location during transit from 535 SS & TC to 97 RCC was not regularized. A court of enquiry was convened and DGBR's recommendations were that the cost of Qty 6.280 MT amounting to Rs.1,18, 086/- on account of short delivery from contractor be recovered from the final bill of the contractor and loss of MT Bitumen Emulsion due to leakage amounting to Rs.2,20,217/- be written off and borne by the State. Thus, it requires regularization of loss statement and recovery from contractor.

Pr. C of A. (Fys) Kolkata

Part I Section 'A' Cash Irregularity 1) OF Muradnagar

It has been reported by AO, OF Muradnagar that 92.56 Acres land of Ord. Fy. WWA Estate Muradnagar was leased out to WWA for agricultural purpose Q Rs.400/- per acre per annum. No land can be leased out/licensed for the agricultural purpose as per Para 12.1 of MOD letter. However, in the above order it is quoted that the renewal of lease agreement which is already in existence prior to issue of the above order can be made for a further period of 5 years, provided that the lease agreement was concluded with registered Co-operative Societies run by the Fy. Employees or their spouses and in such cases the licence fee is to be determined by the DEO of the locality. The licence fee for the land for agricultural purpose was fixed by DEO Meerut as Rs.1000/- per acre per annum. However, the land is still being used by WWA for a further period of lease of five years without the sanction of competent authority on payment of licence fee as per old rate of Rs.400/- per acre per annum. Request has been made to OFB for according necessary sanction in favour of WWA for

leasing out the said land for a further period of five years in two spells w.e.f. 10.8.95 to 9.8.2k and 10.8.2k to 9.8.05 for reducing the L.F. rate from Rs.1000 to Rs.500 per acre per annum or enhancing the previous rate of L.F. by 25% w.e.f. 1.4.2k in the interest of Fy employees. As the lease agreement has neither been finalized under the sanction of G of I nor the L.F. is being recovered from WWA, it resulted in loss of Govt. revenue of Rs.55536/- per annum. The financial effect involved for the entire period works out to Rs.5.55 lakhs, which requires recovery from WWA and regularization of the case under the sanction of MOD.

CDA Chennai

Part I Section 'A' Cash Irregularity

1) Area Hqrs, Chennai

The case is about the loss -of concession vouchers pertaining to the Area Hqrs, which have been lost during transit and was placed under objection by LAO (A) Chennai during the audit for the Q.E.6/97. The loss of forms will be dealt with as loss of public money and requires Govt. sanction for regularization of loss due to neglect. Despite the availability of clear Instructions for regularization of the loss of concession vouchers, the same was not followed. The Area Hqrs. had stated that the holding of staff court of Inquiry was not appropriate at the belated stage, as the personnel involved have been posted out/discharged from service. Thus the case requires investigation and regularization under the orders of Govt. of India.

PCDA (CC) Lucknow

Part-I Section 'A' Cash Irregularity

1) CWE Allahabad

During the review of reports on CP Vrs it was observed that 67 CP Vrs, amounting to Rs.7200474/- were outstanding since I 97 for clearance. It was noticed that 13 supply orders against which the stores were supplied, saw been signed by EE/DCWE (B/R) while functioning as CWE Allahabad were found to be fake as copies of these supply orders were not available with them although Railway Receipts were received by them. . The stores received were not brought on charge. The firm filed a Civil Suit in High Court of Allahabad against the recovery impose on them and the High Court ordered to maintain status quo trill finalization of departmental enquiry. As a result of this, disciplinary action was also initiated against EE DCWB (B/R). The officer was exonerated as charges against the officer could not be proved/established and also no other officer could be held responsible for placing these fake supply orders. The Govt. counsel advised against filing a Civil Suit for the recovery of the cost of stores in view of the circumstances of the case. It is, therefore a case of infructuous expenditure/Cash Loss which requires regularization under Govt. orders. This item has been included in the IAR for H. Y. E 12/03 also.

Part I Section 'B' Store Irregularity

1) AMC C & S Lucknow

It was observed during the souse of audit that a large no. of clothing items had been charged off from clothing Ledger by alteration in the quantity, which appears to be unauthorized in the ledger and in CIVs. The quantity charged off was found to be in excess to actual issue as mentioned in the nominal roll and the summary in support of CIVs. Stock: verification had also been carried out without any remarks regarding irregularity. The financial effect was Rs.295240/-, which requires regularization under the orders of Govt. of India.

CDA Chennai

Part I Section 'A' Cash Irregularity

65) GE 881 EWS Ezhimala

The case is about the under recovery of License fee from SBI, Ezhimala. As per Govt. of India MOD orders, special licence fee is chargeable from Nationalized Bank occupying Govt. buildings but for occupying 229.09mt.sqrs area of Govt. building, SBI, Ezhimala was being charged a nominal fee of Rs.150 per month. This fee was fixed by Board of officers of Hqrs SNC Kochi in 12/88. The standard Licence fee has undergone revision many times, but the licence fee for SBI remained fixed at Rs.150/- per month. CWE advocated for non-levying of special licence fee by saying that building has not been let out for business purpose as it is 60-70 years old, building was not constructed as per MES specifications and is small in size.

The AAO (GE) pointed out in his SIO report that relaxation can not be given until there is a specific sanction from GOI. The decision of non-levying special Licence fee is incorrect as Banking activity is a purely Business activity. This has been reported to GE CWE Ezhimala, EC (NAVAL) Ezhimala, DG (NAVAL) New Delhi. This has led to loss of revenue to state, which requires investigation and regularization under orders of CFA.

67) GE (I) Fort Kochi

This case relates to irregular payment to a contractor by taking back steel on a foreclosed contract. A contract was given to a contractor for provision of type 'B' KV School at INS Dronacharya at an initial cost of Rs.429.45 lakhs and was subsequently amended to Rs.336.42lakhs. On foreclosure of contract 45 MT of steel was taken back by the MES tom Contractor and an amount of Rs.7.41lakh was credited to Contractor's account. The justification finished was that it has been mentioned under Para 2 of condition no.57 of LAFW 2249 that the contractor shall also be allowed a reasonable payment for any expense sustained on account of labour and material collected which could not be utilized.

In the audit of the unit it was painted out that sources from which MES can obtain stores does not include taking back stores from contractor. This is outside the scope of RMES Fund is a new practice due to misinterpretation of miles which needs regularization under the orders of G.O.I. Condition No.57 of IAFW-2249 can be only interpreted to cover reasonable payment on a/c of expenses which are

incidental to holding the material on site till removal from site. The interpretation cannot be applicable for the payment for actual cost of material. The procedure adopted due to incorrect interpretation of the condition of contract has resulted in a new practice, which requires investigation and regularization under G.O.I.

PCDA (AF) Dehradun

Part I Section-'B' Store irregularity

1) HQSWAC (U)

The case is about the irregular procurement of Photocopier Paper. It was observed during audit of Central Purchase Vouchers regarding subject transaction that an amount of Rs.12, 21,284.00 was claimed-by M/s Delhi Paper Products Co. Pvt. Ltd. for 11000 reams instead of 1100 reams of photocopier paper against supply order. The PAO has wrongly paid an amount of Rs.11, 61,888.00 to the firm against the said bill. The transaction was placed under objection advising the unit to get the refund of excess amount of Rs. 10, 26,000/- paid to the firm on a/c of extra 9900 reams of photocopier papers. Instead of getting back the refund of the amount paid excess, the unit had received an additional quantity of 9900 reams of photocopier papers, which were not demanded from the firm. The excess quantity was subsequently distributed to various other units. The expenditure was beyond the powers of C.O. of the unit. This irregularity requires investigation and regularization under Govt. orders.

2) 4 Wing AF

The case relates to the discrepancies in SSRC's (Clothing). During the audit, it was noticed that:

- 1) Discrepancies in the quantity struck of charge as per SSRC's and the issue vouchers and also a similar number of quantities shown in IN/IV were used to struck of charge of different sizes of same items in various SSRC's.
- 2) Premature issue of clothing items in various SSRC's
- 3) Tampering and manipulating the entries in SSRC's to cover the over issue/irregular issues, which were not in accordance with the entries in CIVs/Ivs.
- 4) It was found fiat 176 nos, of Parachute were brought on charge twice by logistic section resulting in a surplus of 176 nor. of the item. In this connection, it may be mentioned that allotting of two different EX/RV Nos. for one IV no. is highly

irregular. The discrepancy was not detected by the unit authority even during the periodical stock taking. A COI was convened for investigating the irregularities and findings.

PCDA (WC) Chandigarh

Part I Section 'A' Cash Irregularities

1) DEO Jalandhar Cantt

The case relates to the payment of enhanced compensation and measuring 3018K 17M was acquired and Special Land Acquisition Collector gave his award granting compensation @ 70,000/- per acre for chahi land, Rs. 32000/- per acre for Barani/Banjar and Rs. 1,20,000/- per acre for Abadi Land. Landowners were not satisfied with the SLACs award and filed application in the court of ADJ Jalandhar who, in order, enhanced the compensation @ Rs. 85000/- per acre for the disputed land. UOI filed appeal in Punjab & Haryana High Court against the ADJ award, which stayed the execution on the condition that half of the amount under award should be deposited in the court. Meantime, UOI filed the SLP against the High Court order. Supreme Court passed the orders that respondent's are permitted to withdraw only 50% of the amount after furnishing security and the remaining 50% shall remain deposited with the court and leave granted. The request for release of cash assignment amounting to Rs. 14, 34,970/- which includes Rs. 1,91,438/- for the period 12/98 to 9/2001 @ 15% pm 450271/- was received from Dte DE (WC) Chandigarh after 4 years and 10 months from the date of orders of the Supreme Court, and was released by office of the PCDA (WC) Chandigarh for the same amount. No action was taken by the DEO to implement the judgment of the Supreme Court, which shows negligence on the part of the executive authorities resulting in excess payment of interest of Rs.1,91,438/-. This item has been included in L.A.R for H.Y.E. 12/03 also.

CDA Guwahati

Part I Section 'A' Cash Irregularity

1) GE Guwahati

GE Umroi

GE 859 EWS

This case is about the contracts, which has been concluded without obtaining admin. approval. The contracts have been concluded under Sub head 'C' treating the work as petty repairs for which admit approval is not required. However, para 260 RMES clearly states that

the replacement and renewals costing up to R.1 lakh will be treated as ordinary repair and chargeable to Sub head'C' and those costing more than Rs 1 lakhs will be financed from Sub head 'D' Special repair, and as per para 125 RMES Special repair is treated as work for the purpose of admin approval but will be budgeted from maintenance head. In this regard, the conclusion of contracts GEs for repairs replacement costing more than Rs.I lakh without obtaining admin. approval is viewed as irregular.

PCDA (SC) Pune

Part I Section'A' Cash Irregularity

1) CE (R&D) Secunderabad

During the scrutiny of CST of the contract agreement, it is noticed that M/S Southern Builders had quoted Rs. 48,27,775.35 which was lowest and was also within the estimated cost of work i.e., Rs.60 lakhs was not accepted whereas re-invitation of tenders was directed by CE (R&D) Secunderabad without giving any specific reason for retendering. On 2nd call M/S Indarjit Singh & Sons tender who had quoted Rs, 66, 26.105.29 had been accepted being the lowest after discount, the accepted amount works out to RR 65,92,974,76.By accepting the second call the , Govt. in going to incur an extra expenditure of Rs. 17,65,199.41 which is to be regularized as cash loss under sanction of Govt. of India.

MFAI Fresh cases for Q.E. 12/03

CDA (BR) New Delhi

Part I Section 'A' Cash Irregularities

1) 19 BRTF Dantak

The case relates to the irregular hiring of equipment by CE (P) Dantak. In terms of Govt. of India, BRDB No. P.231 (10) BRDBIBWA/94/Delegation dated 23.3.95 DGBR in consultation with the CDA (BR) can hire equipment for a period of six months from a Govt. Deptt/PSU and for hiring from a Private agency, prior approval of the Govt. of India is required. A memo of Terms (MOT) was signed between Comdr. 19 BRTF and Executive Engr. Road Division, Tata Hydro. Project Authority CTHPA) for hiring a new BD-65 Dozen for accelerating the progress of cutting work on approach road to THEP Power House. This was signed on 3.5.99 even before the Approval-in-Principal accorded by the CE (P) Dantak

and was communicated to HQ. 19 BRTF, whereas they both didn't have the authority to hire, the equipment without approval of DGBR/ Govt. of India. The MOT was amended on 23.2.2000 increasing the hiring rates and extending the period of hiring up to 31.3.01, without obtaining the sanction from CFA. HQ CE (P) Dantak forwarded a statement of case HQ DGBR, seeking sanction for hiring of Dozen. The fact that the Dozer was being hired since 1999 was not indicated and was sent by HQ DGBR for concurrence of CDA (BR). But CDA (BR) advised DGBR to obtain the approval of Govt. of India and IFA (BR).

2) HO DGBR

The case is about the unauthorized retention of TATA Sumo attached on trial basis with DGBR. A proposal for procurement of 5 TATA Sumo vehicles was approved by the T) GPR on Sept. 1996, and it was also decided to conduct trial evaluation of one vehicle at Delhi, by TA Directorate of HQ DGBR. It was to be returned to the firm after completion of the trial run of 10,000 Kms. One TATA Sumo was received by HQ DGBR on 12.9.96 and after the vehicle had run for 11,220 Kms. the final trial report was submitted by the Board of officer detailed to evaluate the performance of the vehicle. The vehicle was retained with HQ DGBR that trial can be considered as complete only after comparison, of the parameters of the vehicle with Jeep Mahindra. The vehicle was finally returned on 14.9.02 after it had already run for 1,97,790 Kms. DGBR was advised to, regularize the expenditure incurred on the unauthorized retention of TATA Sumo by getting ex post facto sanction of G.O.1 on scale of pay and allowances of Driver, POL consumed and expenditure incurred on repair and maintenance of vehicle. But no action was taken by them. The DGBR has again submitted that the record was kept properly by maintaining KM cards and Car Diaries. Retaining of the vehicle for a period of more than six years for trial evaluation was irregular and expenditure incurred on employment of drivers, fuel and repairs was unauthorized. This needs regularization under the orders of Govt. of India.

ANNUAL AUDIT CERTIFICATE

Controllers will submit annually to the C.G.D.A. so as to reach him by 1st September each year, the certificate as laid down- in paras-- 535 and 541, Defence –Audit Code. They may make in the certificate any reservations/qualifications considered necessary as a result of test checks exercised by them. The consolidated Audit Certificate published in the Appropriation Accounts of the Defence Services will be taken as a guide by Controllers. The instructions contained in Para 535 et. seq., Defence Audit Code should be complied with by Controllers while submitting the certificate. Details in support of qualifications/reservations made by Controllers in the certificate will be furnished by them in the relevant proformae as prescribed in Annexure "D" to "K" to this chapter. Although the proformae have been prescribed for rendition of details in respect of certain common type of qualifications/reservations, Controllers are only to make use of such of those proformae as are necessitated by the result of their test checks. In case it becomes necessary to make any qualifications/reservations other than those for which proformae "D" to "K" have been prescribed, Controllers will invariably furnish details in support of such qualifications/ reservations.

The Controller's certificate for a year should embrace all the expenditure contained in the accounts of that year and should also depict as a whole the correct results of internal audit conducted by the Defence Accounts Department vis-à-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 also be included in the body of the certificate. The certificate, which should be signed by the Controller (J.C.D.A. if holding independent charge) and only in his absence by the next senior officer "for the C.D.A./J.C.D.A.", subject to post approval by the C.D.A./J.C.D.A., should be self-contained, Comprehensive and precisely worded. In cases of reservations or qualifications made in the certificate, a few specific and glaring instances in support of each such reservation or qualification should be furnished separately as an Appendix. The relative position (i.e., extent of improvement or deterioration noticed) as compared to the immediately preceding years in regard to certain important features of accounting such as state of accounts, position of stock verification, outstanding on account of payment issues, etc. should also be brought out in the certificate proper, duly supported by necessary details which should be furnished separately

In respect of items of unauthorized 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 accounts in which they are included, the precise circumstance in which the expenditure was incurred or the stores were issued prior to the receipt of Government sanction etc. Information regarding the relevant authority under which, or the reasons for which, Government sanction is necessary and the action taken to regularize the expenditure in each case will also be invariably included in the statement. Only those transactions whose monetary value exceeds Rs.50,000 in each case and which normally require the sanction of the Government of India prior to their occurrence e.g., items involving extra/irregular expenditure, transactions like unauthorized provision of free conveyance, extra issue of rations, stores, etc., need be included in the above mentioned statement. Cases of actual losses of stores, building, etc., for which sanction of Government, where required, has inevitably to be accorded ex-post facto will not be included therein, as these will find a place in the statements of losses of stores or cash, as the case may be. Similarly, cases where ex-post-facto sanction has been refused by the Government of India will not be included in the statement, as they are to be included in the body of the audit certificate. Cases of serious irregularities detected in internal audit will be listed in a separate annexure to the AAC furnishing brief particulars of the nature of irregularity when it was detected and the action taken subsequently.

The following points should be carefully observed in the preparation of the statements referred to above: -

(i) The narration of each item should be self-contained and complete giving full particulars of the expenditure and indicating clearly the circumstances, so far known to the controller at the time of rendition of the certificate, in which the payment was made or the expenditure incurred in the absence of the necessary Government orders.

(ii) In cases where full particulars are not available at the time of rendition of the audit certificate, it should be indicated in the remarks column against the item that they are being obtained or will be furnished later when the case is routed through them for furnishing an audit report while applying for the requisite Government sanction for the expenditure.

Note: Amount enhanced from Rs.5, 000 to Rs.50, 000 in the light of Para 542 as amended vide C.S. No. 22 of 83 Defence Audit Code.

(iii) In cases, however, where there has been delay on the part of the executive in answering the objection and or/in furnishing the reasons for incurring the expenditure in the absence of or prior to the receipt of the Government sanction therefore, the item should be so annotated in the statement and such items should also invariably be exhibited in the quarterly report on the Major Financial and Accounting Irregularities. In case the item had already found a place in the report on the Major Financial and Accounting Irregularities, a reference to the item number in the report on the Major Financial and Accounting Irregularities should be cited.

(iv) The following basis will be adopted for reporting outstanding on account of payment issue of stores supplied/services rendered (including hire charges of tools and plants) and rent and allied charges etc.

(a) Payment issue of stores supplied/services rendered (including hire charges of tools and plants) - Issues made upto the 31st March outstanding on the 30th June.

(b) Rent and allied charges-Rent bills issued upto the end of February outstanding on 30th June.

(c) Outstanding audit objection - Objections issued upto the 31st March remaining outstanding on the 30th June.

NOTE: 1. Statement showing outstanding on account of payment issue of stores supplied/services rendered (including hire charges of tools and plants) and rent and allied charges should give an analysis of the outstanding party wise and year wise and also indicate briefly the reasons for the outstanding under each category as well as the steps taken to liquidate the same. The breakup of the details of rent and allied charges (outstanding will be rendered service wise) (i.e. separately for Army, A.F. and Navy).

NOTE: 2. the number of cases where the amount of outstanding on account of payment issues and rent 'etc. exceeds Rs.50, 000 in each case of private individuals/institutions and 1 .00 lakh in other cases and is remaining outstanding for more than a year should be mentioned. The details thereof will be furnished in performs as prescribed in Annexure 'N-I' and 'O' receptivity to this chapter.

NOTE: 3. a copy of the statement on account of rent and allied charges together with the corresponding statement alluded to in Note

2 above will also be endorsed to CHGS Branch, E-in-C Branch and D.F.A. (W).

(v) In cases of non-linking of issue vouchers/CRVs./Vouchers not produced for audit etc., the total number will be indicated in the, body of the certificate. Particulars of the more important cases involved will be given in the statements attached to the Annual Audit certificate, indicating inter-alia, the reasons for the non-linking of the CRVs with the issue vouchers, non-Production of vouchers etc.

(vi) In cases of non-maintenance/improper maintenance/non-production of accounts the statement enclosed to the Annual Audit certificate should contain full details of the irregularity, such as the name of the Unit, the particular account and the period involved, the precise nature of the irregularity (in the case of improper maintenance OF ACCOUNTS) and information whether the irregularity has since been set right at the time of submission of the certificate.

(vii) The number of Important cases of expenditure under OBJECTION EXCEEDING Rs.50,000 in each case of private individuals/institutions and 1 lakh in other cases where sanction of Government of India is required and which were enumerated in the previous years. Appropriation Accounts but are still awaiting regularization will also be mentioned and details furnished in the proforma prescribed in Annexure "P" to this chapter.

(viii) Cases of losses awaiting regularization for more than one year and where the amount involved are substantial enough to require sanction of Government of India will be exhibited in the proforma prescribed in Annexure "Q" to this Chapter.

Where it has not been possible to include any items of unauthorized expenditure actually incurred in or relating to a year in that year's certificate already rendered to the C.G.D.A owing to delay in their detection or due to other causes, the items affected should be dealt with as follows:

(a) If the unauthorized expenditure continued even in subsequent year/years for which an audit certificate has not yet been rendered, the entire period to which the expenditure relates and the total amount involved (including that for the previous year/years) will be shown in the statement appended to the certificate to be rendered for that year.

(b) In cases where the entire expenditure relates only to previous years, the period and the amount involved, etc. will be shown separately in the certificate of the year in which the unauthorized expenditure was first actually brought to light, in the form of an Annexure to the regular statement of the year.

Items of expenditure awaiting regularization under orders of and/or which may be regularized by competent financial authorities lower than the Government of India are not required to be exhibited in the statements appended to the audit certificate.

In respect of stock-verification carried out by the administrative authorities, a self-contained explanatory note giving the general position and results of stock-verification during the year should be appended to the audit certificate for that year. This note should inter-alia, contain information regarding the number of units/formations in which stock-verification was either not conducted at all or was incomplete; whether or not it was subsequently conducted or completed; whether the result of stock-taking revealed a satisfactory state of affairs the particulars of units in which the position was unsatisfactory and whether the discrepancies between ground and book balances were considerable and if so, their extent and their value; and such other information as will enable a complete appreciation of the stock-taking carried out during the year as a whole.

NOTE: Cases of non-verification/partial verification of stock where the delay involved in the completion of stock verification for the financial year etc is only of a few days need not be included. Only clear cases of non- verification of sock need be reported. In cases of partial stock-verification the No. of items not verified and the proportion they bear to the total number of items required to be verified should also be indicated.

In order to enable the C.G.D.A. to render an audit certificate in respect of the "Special grants-in-aid" made to Cantonment Boards, the accounts of which are not susceptible to test audit by the D.A.D.S., the Controllers concerned should include in their certificate a separate Para, on the following lines:-

"I also certify that the expenditure met from special Grants-in-aid granted to Cantonment Board from the Defence Services Estimates has been audited under my direction and that the conditions on which the grants have been made have been or are being fulfilled/have not been or are not being fulfilled in the following respects".

(To be mentioned in the certificate)

In respect of items of expenditure which are not audited by the Defence Accounts Department e.g., expenditure on Q.M.G's installations (like flour mills); expenditure incurred by the High Commissioner for India (U.K); expenditure incurred by the Director General of Supplies and Disposals on the purchases of stores for the Defence Services (including purchases by India Supply Mission Washington) a suitable note should be inserted at the foot of the audit certificate to the effect that the certificate does not cover such items.

The certificate should also be qualified suitably to indicate that losses of stores (as distinct from cash losses which are to be regularized under the normal rules in F.R. Part 1) due to enemy action and destruction by our own forces owing to operational necessity, as also losses of sorts due to abortive air-drops and those occurring in units and formations on war system of accounting etc, in respect of which no formal regularization is necessary under existing rules have not been included therein.

After despatch of the certificate to the C.G.D.A., a copy of the certificate and its appendix will be shown by Controllers to the Deputy Assistant Director of Audit/Assistant Audit Officer, Defence Services concerned, to enable the Test Audit authorities to ensure that all cases of expenditure (1) held under objection for want of Government sanction and (2) which ex-post-facto sanction of the Government of India has been refused have in fact been included in the C.G.D.A.'s certificate.

To facilitate the preparation of the annual audit certificate, a register will be maintained in cash audit section of a controller's office and by each local audit officer, showing items of the nature referred to above placed under objection and the subsequent progress of the objections with notes or the final orders issued.

Controllers will submit to the CGDA periodically progress reports duly supported by detailed statements in respect of all items included in the Annual audit Certificate as indicated below:

-

| Sl. No. | Nature of Report | Date on which due to reach CGDA's Office |
|---------|---------------------------------------------------------------------------------|------------------------------------------|
| (a) | Position of cases included in the annual audit certificate as on 30th September | 15th Nov. |
| (b) | Position in respect of the same as on 31 December | 20th Jan. |
| (c) | Further progress in respect of the same as on 31st March of the succeeding year | 15th May |

Items of expenditure reported through the Annual Audit Certificate which requires the sanction of the Government of India will be reviewed by the Controllers on receipt of necessary sanction and their settlement or otherwise communicate to the CGDA as early as possible separately in each case.

Detailed Instructions for the Preparation of Annual Audit certificate

While preparing the Annual Audit Certificate the following instruction and tire contents of the various circular on the subject issued by the C.D.A. and the C.G.D.A. will be kept in view:-

- (i) Certificate proper:
 - (a) The certificate proper should, as far as possible, be rendered in the form in which it has been printed in the Appropriation Accounts. Any other particulars considered necessary for communication to the C.D.A. should be furnished in the form of note in the margin or separately inclusion iii the memo, forwarding the certificate.
 - (b) If an unqualified certificate cannot be given it should be qualified on broad lines. The qualification should he substantiated by citing important cases so as to make the certificate self contained and comprehensive. Specific instances in support of the qualification should also be given separately.
 - (c) The relative position as compared with the immediate preceding years in regard to certain features such as state of accounts, position of stock verification. Outstanding (in account of payment issues, outstanding issue vouchers for audit, In linking of 'E' copies of vouchers, etc. should be brought out in the certificate proper and should invariably be supported by details which ,should be separately furnished, so as to given an idea at a glance of the extent of improvement or deterioration noticed.
 - (d) A separate Para in respect of the accounts of Special Grants in aid made to make Cantonment boards will be included in the Annual Audit Certificate on the lines indicated in Chapter VII "On accounts of Cantt. Funds".
- (ii) Statement of items awaiting Govt. sanction.
 - (a) This statement should include only those items which require Govt. sanction and not those which can be default under orders of the lower authorities. It will be in turn parts: -
 1. Statement showing items of expenditure incurred in tile accounts of the year to "which the audit certificate relates in respect of which Government sanction is awaited. If tile

unauthorized expenditure contained even in the subsequent year/years for which an audit certificate has not yet been rendered, the entire period to which the expenditure relates and the total amount involved (including that for the previous year/years) will be shown in this statement.

2. Statement showing items of expenditure incurred during previous years in respect of which the required certificate cannot be given for want of Government sanction.

(a) Items of losses of stores building etc which require the sanction of the Government of India and find a place (after sanction by the CFA) in the statement of losses will not be included in these statements. Transactions which formally require the sanction of the Government of India, prior to their occurrence, viz. items involving extra/irregular expenditure, transactions like unauthorized free conveyance, extra issue rations stores, etc. will, however, be including therein.

(b) Only items of expenditure of Rs.50.000/- and above placed under objection for want of the sanction Govt. of India will be included in the statements.

(c) Cases in which ex-post-facto sanction of the government has been refused will be included in the body of the certificate proper and not in these statements.

(d) The circumstances in which the payment was made or expenditure incurred without obtaining government sanction will be clearly stated in the statement. In cases where full particulars are not available at the time of rendition of the certificate, it should be indicated in the remarks column against the item that they are being obtained and will be furnished later.

(iii) Units whose accounts could not be audited:

The following particulars in respect of such units will be furnished

- (a) name of unit/formation
- (b) period of accounts
- (c) reasons for non auditing the accounts
- (d) whether the accounts have since been audited.

(iv) List of more important cases in which consignees of Defence Service Stores could not in practice link the items actually

receives against particular consignments notified as having been dispatched to them and wherein it could not also be verified in audit that the stores were satisfactorily brought to account by the consignees;

The list will be prepared under the following headings:

- (a) name of consignee unit/formation.
- (b) name of consignor unit/formation.
- (c) number and date of issue voucher of consignor.
- (d) details of stores (quantity etc) included in the issue voucher.
- (e) details of stores brought cm charge by the consignee.
- (f) details of stores not linked or not brought on charge in full or in part.
- (g) approximate value of stores mentioned at item (f) above, if available.
- (h) the reasons for failure to such linking such as non receipt of consignors vouchers or wrong identification of stores.
- (i) the difficulties, if any experienced by the authorities at the consignee's end to carry out the linking and- the remedial measures considered necessary.

Note: - In addition to the above mentioned particulars regarding more important cases the total number of unlinked voucher will be mentioned in the list.

- (v)
 - (a) Non-production
 - (b) Non-maintenance, and
 - (c) Improper maintenance of account

Particulars in respect of the above will be mentioned under the following headings:

(A) Non production of accounts

- 1. Name of unit/formation.
- 2. Name of account and period for which accounts were not produced.

(B) Non maintenance of account

- 1. Name of unit/formation
- 2. Period of account.
- 3. Name of particular account not maintained.

4. Latest position in each case whether subsequently maintained, if so, from which date;
5. Comparative position, viz. number of units and accounts affected last year should also be shown.

(C) Improper maintenance of accounts

1. Name of unit/formation.
2. Period of account.
3. Name of particular account not mentioned properly.
4. Particulars in respect of which account, was unsatisfactory.
5. Latest position in each case stating whether subsequently set right.
6. Comparative position in regard to previous year should also be shown in the certificate.

(vi) Stock Verification

A self contained explanatory note giving the general position and results of stock verification carried out during the year will be submitted in the form of a note to Annual Audit Certificate. The stock verification note will be in two parts, one in respect of Army unit / formations and the other for M.E.S, and sustained by factual data on the following points:

- (a) Name of units/formation in which stock verification was either not conducted at all or was incomplete.
- (b) Whether the results of stock taking revealed a satisfactory state of affairs or unsatisfactory
- (c) Whether the discrepancies between ground and book balance were considerable and if so, their extent and value.

Note: - A copy of the note will be endorsed to the Os. C. of all the units and formations the stock verification of which has been commented upon, so that the Os. C. May have any opportunity to challenge, if they do not agree with any facts/remarks made therein.

(vii) Unauthorized use of Government Transport:

A statement showing specific instances of unauthorized use of government transport under the following heading will be submitted along with the annual audit certificate:

- (a) Name of unit/formation.
 - (b) Details of transport used unauthorized.
 - (c) Period of use.
 - (d) Type of vehicle used.
 - (e) Mileage runs.
 - (f) Purpose for which used.
 - (g) Action taken for regularization.
- (viii) Items of outstanding payment issues for which debits could not be raised against state departments for want of receipted copies of vouchers;

The approximate number and value of vouchers outstanding for raising debits against each category, viz. Civil, M.E.S, Air-Force etc. will be furnished as an annexure to the Annual Audit Certificate. Information regarding the action taken to obtain the wanting vouchers and number of items cleared so far with monetary value in each case will be mentioned therein.

Mileage Card

- 1) The various columns of the Mileage Card have been properly completed with reference to the Car Diaries.
- 2) The distance run as shown in the Car Diary agrees with that shown in Km. Card.
- 3) The Kilometer reading of all vehicles has been checked at least once daily.
- 4) MT Gasoline/Diesel issued to the vehicles on day to day basis as per POL Retail Issue Voucher (IAFZ-220) part-II (Revised) has been accounted for in the Mileage Card.
- 5) The Mileage Card is signed monthly by the Unit Commander or an officer nominated by him.
- 6) Authorized Kilometer per litre as enfacd by EME Workshop is achieved.

Vehicle Log Book

It contains the particulars of vehicle stay in the EME Workshop and nature of repairing from time to time including change of tyres/tubes. For this purpose the IAO auditing the account of EME Workshop will as a test check, take extract of certain entries in respect of certain vehicles from the relevant records of EME Workshop for verification in to the Vehicle Log Book.

Authorized KPL is enfacd by EME Workshop authorities.

Premature down gradation of vehicle is recorded in the Log Book and are factually correct

AUDIT OF MT AND POL ACCOUNT IN ARMY UNITS & FORMATIONS

- 1) The vehicle held on charge is entered in Unit Vehicle Register (IAFZ-2186).
- 2) The Number of vehicles held are not in excess of those authorized in Unit PE/WE.
- 3) Transfer of vehicle from one Unit to another is under the orders of Army HQrs.
- 4) Stock taking is to be carried out every year.
- 5) POL Stock Ledger is an important document wherein Receipt & Issue of POL items are recorded.
- 6) Stock has not been held in excess of normal requirement.

- 7) POL charged off as issued to vehicle agrees with that taken on charge in mileage card against the vehicle concerned.
- 8) Oil & Lubricants charged off in the ledger as issued to Unit's vehicles are in accordance with the authorized proportion.
- 9) Monthly Stock Verification has been endorsed.

CAR DIARY (IA FZ-2209)

Car Diaries are maintained for all vehicles.

The purpose for maintaining the Car Diary: One book for every quarter. To ensure that the nature of duty performed, places, distances covered, POL drawn are for bonafide Government duties.

For non-duty journey: normal rules as notified in Govt. orders are to be charged. Misuse of TPT is liable to be charged with an offence under Army Act.

Petrol is filled on last day of the month and result recorded in car diary in Red Ink.

A UDIT OF HIRED TRANSPORT

Transport indent and order Form IAFZ-2150 will be used for transport hired from civil sources and service transport hired out to organization like MES, MF and civil departments. The following points should be borne in mind:

- 1) The requisition signed by Commissioned / Gazetted officer indenting for the transport will bear under his signature, his name and initial in block letters.
- 2) Whether the applicant is entitled to the provision of conveyance (free/on payment) duly sanctioned by the competent authority.
- 3) The nature of duty should be clearly stated in transport indent. Expression like "Government Duty" or on "as required basis" or "Headquarters' duty" is vague and has not been used.
- 4) Paid transport indent received by the LAO'S from the PCDA/CDA/JCDA will be linked with the Hired Transport Register maintained by the Unit who prefer the claim from the CDA.

AUDIT OF SALVAGE SUB-DEPOT OR A SALVAGE SECTION OF RSSD IN ORDNANCE DEPOT

Function & responsibilities: A Salvage Sub-Depot or a Salvage Section of the RSSD functions in an Ordnance Depot is responsible for the receipt, storage, accounting, breakage and final disposal of all unserviceable, obsolete and surplus serviceable stores of small value except –

- 1) Small Arms, Machine Guns and Components thereof.
- 2) Ammunition and Explosives including drill and dummy stores.
- 3) When there is no RSSD, the Salvage Depot functions as a Sub-Depot of an Ordnance installation. The above functions apply with necessary modification to the Salvage Sub-Depot also.

ACCOUNTING:

When valuable stores (those which have particular sale value) are received complete with major components and can easily be identified as such, these are accounted for under "Generic Heads" both in number and weight viz. blankets and sheets are accounted for in number and weight, while metals are accounted for by weight only. The lists of "Generic Heads" are given in Part-I, Annexure "A" of the "Salvage Section/Sub-Depot and Disposal of Store Procedure".

When surplus, unidentified and obsolete stores of small value are received, they are accounted for under generic heading. They will be stored and accounted for under broad groups/headings such as MT Tools, MT Components, Condensers, and Valves and so on. The grouping of the stores is to be done in a rational manner consistent with similarity and utility of items. These stores will be accorded the same treatment as for serviceable surplus stores and will not be merged with similar stores held in salvage in unserviceable conditions.

Valuable repairable un graded stores are also accounted for under generic heads.

Unwanted repairable stores received from the stock groups/sub-depots will be accounted for under the individual catalogues / part No.

Stores not valuable and those which are valuable but are received in an incomplete condition and as such are saleable in scrap only and

accounted for under the designation and accounting unit authorized in the salvage catalogue.

MT vehicles are accounted for in numbers only. Engine No. and Chassis No, of each vehicle is shown against each vehicle.

ISSUES TO ARMY UNIT

Salvage stores are issued to Army, Navy and Air Force Unit including TA, NCC Units with the approval of Officer-in-Charge Salvage Section/Sub-Depot.

MT Components and assemblies from Class-VI vehicles have been issued on demand to EME Workshop.

No issues of unserviceable vehicles, chassis and engines have been made to any Military establishment except when authorized in their PET/WET.

ISSUES TO OTHER THAN ARMY UNITS

Free issues to Ordnance Factories, Military Farms, Lands & Hiring Services and NCC Units has been authorized by Director of Ordnance Services with the concurrence of the Ministry of Defence (Finance), the payment issue rate notified by Ministry of Defence (Finance) being endorsed on the issue vouchers.

Issues to MES Units have been made on payment by Book Debit as authorized by DOS with the concurrence of Ministry of Defence (Finance) by whom the payment issue rates will be notified.

Issues made to the following categories have been authorized by the DOS with the concurrence of Ministry of Defence (Finance) and treated on payment by Book Debit at the payment issue rates as notified by the above authority and that a copy of the voucher showing the cost of the stores and the details of packing and other incidental charges incurred has been sent to PCDA/CDA with a copy of the relevant release order through LAO: -

- (a) Sale to other Govt. Department, Central or State such as Railways, Post & Telegraphs and Police.
- (b) Sale to Hospitals and Philanthropic Institutions, if demands are sponsored by Central, Provincial or State Governments.
- (c) Sale to Educational and Scientific Institutions where demands are sponsored by Central, Provincial or State Governments.
- (d) Sale to nominated parties for use of Governments.

SALE BY AUCTION

The number / quantity and nomenclature of the stores charged off stock records (Accounts Cards and Ledgers) are the same as shown in Release Order issued by Brigade Command Headquarters and in Sale Account (IAFA-58) received from the Depot concerned.

AUDIT OF RETURNED STORE SUB - DEPOT (RSSD)

FUNCTIONS & RESPONSIBILITIES

RSSD functions inside an Ordnance Depot for the purposes to receive sort out and condition the following stores received by them both from the Stock Group of the Depot as well as from the Unit and formations.

(a) Clothing
(b) General Stores
(c) Technical Stores including MT with exception of the following:

- Ammunition and Explosives
- Ammunition Empties
- Ammunition Packages
- Vehicles and
- Vehicle's Assemblies

Carryout repair of all such stores which do not require the services of skilled workshop technician.

Disinfect and wash or dry clean stores requiring such treatment within the capacity of the RSSD.

Arrange with EME for the initial conditioning of all items which are the responsibility of EME.

Forward immediately all serviceable stores to the appropriate stock sub-depots or depot holding such stores for re-issue.

Hold those stores which will be required by EME Workshop until called for of the repairs.

Dispose all stores which are unfit for economic repair or are not required to be repaired. Manufacture such items of stores as may be authorized from time to time by the Commandant/COO of the Ordnance Depot.

Maintenance of Loan & Hire Registers in respect of stores issued on loan/on hire by the Ordnance Depot.

Repair of those items of the QM Stores of the depot which are within the capacity of the RSSD.

ACCOUNTING

Accounts Cards consisting of simple record of `Receipt', `Issue' and `Stock Balances' for the stores held in the RSSD are maintained.

POINTS TO BE SEEN IN AUDIT

In addition to the general rules laid down in Chapter I to III of this Manual and those prescribed for the audit of the Account Cards of Ordnance Depot, the following points will also be looked into:

Receipts : All the stores received in RSSD on Receipt Voucher etc. have in the first instant posted in the Account Card under sub column to be conditioned of `Receipt', column and that normal accounting procedure of `Receipt' and `Issue' has been followed.

Conditioning: The stores conditioned have been written off charge from the column `Awaiting Condition' and the same quantity/number brought on charge according to condition shown in the conditioning Form as serviceable/repairable/unserviceable in the respective column of the Account Card.

Issue of Unserviceable Stores: Unserviceable stores of all types of repairable stores which are surplus to requirement, have after conditioning, been passed to salvage section/sub depot on the relevant Conditioning Form and brought on charge by the Salvage Section.

Repairs in RSSD Workshop: The repair of stores which RSSD Workshop's responsibility has been regulated by the use of job cards allotted a serial number from a register maintained for the purpose.

Stores sent to RSSD Workshop for repair are not struck off charge from the Account Card until received back duly repaired. When the repaired stores are struck off charge from the "Repairable Column" of the Account Card and are taken on charge as `Serviceable' and `Unserviceable' and unserviceable stores are struck off charge on transfer to salvage section on the same job card.

Repairs by Contractors : Stores issued to contractors for repair and those received back duly repaired have been struck off and taken on charge, in the relevant Account Card and entries to this effect made in

the Contractor's Register of "Repairable Stores" maintained for the purpose by Repairable Store Disposed Section.

All the stores issued to the contractor have been received back.

Manufacture of stores in RSSD Workshop: Work order for the manufacture of stores have been duly authorized by the Commandant/COO/OD.

Separate Work order register have been maintained for each workshop and separate case opened for each work order in which the original copy of the work order and all documents relating to it have been filed.

Receipted copy of completion notice (IAFO-1300-A) on which the manufactured stores were sent to the stock sub-Depot has been received from the depot and necessary steps taken to ensure that the stores have been brought on charge by the receiving stock depot.

Estimated form (IAFO-2579) in respect of each work order of manufacture of stores has been prepared.

Expense Stores: Accounts Card have been opened for each item normally stocked in the 'Expense Stores' on IAFZ-2645 in alphabetical order within each vocabulary section

Normal accounting procedure has been followed.

Simple 'Receipt' and 'Issues' register have been maintained on the prescribed forms and posted up to date.

The stores issued on expense vouchers have been correctly charged off the relevant account card and taken on charge in the register of expendable store maintained by each workshop.

Stock Taking: Triplicate copy of the stock taking sheet along with one copy of AFG1049 (regular loss statement) has been received in the LAO's office after one month from the date of stock taking regardless of the fact whether the discrepancies have been settled or not in order that suitable action has been taken by the LAO to expedite settlement of the discrepancies.

AUDIT OF VEHICL DEPOT

Function and responsibility of Vehicle Depot

Vehicle Depots are primarily responsible for storage and supply of all categories of mechanically propelled vehicle to the services.

The major activity of the Vehicle Depot to achieve the above mentioned objective includes receipt, issue, storage, preservation, accounting and stock taking.

Various Accounting Forms used by Vehicle Depot for stock held on charge

- | | | |
|-------|-----------------------|------------------------------|
| (i) | Vehicle Depot | - IAF0 2706 -Non -expendable |
| (ii) | Vehicle Register | - IAF0 2678 |
| (iii) | Vehicle Stock Summary | - IAF0 - 2676 |
| (iv) | Kit Store | - IAF0 2698 |
| (v) | POL Stocks | - IAF2 2109 |

Maintenance of Documents

The following documents will be maintained for accounting of vehicle and kit in vehicle Depot:-

- | | | |
|-----|-----------------------|------------------------|
| (a) | Vehicles | |
| | Vehicle Stock Summary | - TAFO - 2676 |
| | Vehicle Register | - IAF0 - 2698 |
| (b) | Kit | - Stock Accounts Card. |

Guidelines for Effective Local Audit

As both the conventional Regulatory Audit as well as Efficiency cum Performance Audit/ Audit for value of money are necessary, there is need to slightly reorient DAD role & approach to Local Audit.

Various checks prescribed in the Manual & Codes will continue to be carried out till modification, if any made.

Side by side it is necessary to concentrate on more important areas/ activities where subscribed Savings are possible to be achieved or the objectives could be achieved at a lesser cost without compromising on quality/ requirement.

Audit of Store Account of Vehicle Depot

The audit of store Accounts of vehicle Depot. Will be conducted in accordance with the general audit instruction laid down in chapter I and II of ALAM Part I and the detailed procedure prescribed for the audit of the corresponding accounts of Ordnance Depot and consuming units.

In addition, the points mentioned in the succeeding paragraphs will be specially observed in auditing these accounts:

Vehicles are accounted for in Vehicle Stock summary & Vehicle register. The daily receipt and issue transactions in a vehicle depot will be recorded in a daily statement of receipt/ issues (IAFO -2741) which are the primary documents from which the stock records are posted.

In addition to normal check of receipt & issue entries, it will be seen that –

- (i) Separate Daily Receipt and Issue Returns have been prepared for 'A' Vehicle, 'B' Vehicle, specialist Vehicle, cased vehicle and chassis and numbered in separate series.
- (ii) Various columns in Vehicle stock summary & Vehicle Register have been correctly posted and closing balances of vehicles arrived at on a certain date in stock summary and in vehicle register agree.
- (iii) Engine No. Chassis No. BA/ W.D. numbers have been correctly entered in the vehicle Register. In the case of Vehicle/ Chassis received from the trade, Units such time as B.A. Nos. are allotted, Vehicles/ Chassis have been taken on charge by Chassis and Engine No.
- (iv) No vehicle has been issued without Issue Order/ Transfer Order issued by the Controlling Authority which, in the first instance is AHQ M.C.O Branch, who make bulk allotment of fit vehicles to Command HQ, who which therefore becomes the Controlling Authority for issue of the allocated vehicles.
- (v) Each Issue Order or Stock Transfer Orders is limited to the issue of one make/ Type/ class of Vehicle to any one unit.
- (vi) No chassis to Body- builders has been issued without the authority of issue orders from Army HQ.
- (vii) The principle of issuing the oldest vehicle in stock first has been followed.
- (viii) The issue of chassis to local Body- builders has been made on convoy notes and to Body-builders located in outside station on regular issue vouchers.

- (ix) "Charges in the condition" of stock vehicle while in storage will, if certified by the EVE Inspector as not due to theft, fraud, neglect, want of proper maintenance, or lack of suitable storage accommodation only be adjusted by means of adjustment vouchers and the stock vehicle reclassification done.
- (x) "Changes in Condition" attributed to pilferage of parts or neglect of any kind should be treated as losses and dealt with under the general rules in FR Part I.

Adjustment of Cost of Vehicles to MES, Air Force and Navy

Issue of Vehicles to MES

The LAO of the consignor vehicle depot forwards the copies of the issue voucher to AAO GE (MES) concerned and the LAO of the consignee for the verification of credit of the vehicle in the books of the consignee received copy of the voucher are scheduled by him to CDA (Army) Meerut for verification of adjustment of cost of vehicles in the half-yearly statement rendered to him by Army HQ. duly priced by DFA (O).

The cost of vehicles returned by MES will also be adjusted in the same manner on half yearly basis.

Issue of vehicle of Air Force, Navy and Military Forms Departments:

2 (Two) copies of the issue vouchers are forwarded by the consignor to consignee for acceptance. On receipt of the acceptance, one copy(receipted copy from consignee) will be sent by the LAO of the Consignor Vehicle Depot to the LAO of the consignee for verification of credit in the books of the consignee and onward acceptance, one copy(receipted copy from consignee) will be sent by the LAO of the Consignor Vehicle Depot to the LAO of the consignee for verification of credit in the books of the consignee and onward transmission to the PCDA/CDA concerned i.e. CDA(AF), CDA(N) or Regional PCDA/CDA of the forms as the case may be, the PCDA/CDA will after linking the details of the vouchers with the statement forwarded by the respective Branch Headquarters, adjust the debit on account of the cost of vehicles received by him half yearly except in the case of Military Forms in which case the adjustment will be carried out monthly.

AUDIT OF POL IN VEHICLE DEPOT

- (a) POL has been accounted for as under
 - (i) Bulk POL stock on the standard ledger IAF2 - 2109
 - (ii) Containers in the POL on IAF2 - 2286-A
- (b) Distribution of containers has been shown on the reverse of IAF2-2286-A
- (c) The stock of POL does not exceed that based on the normal rate of issue for the particulars Vehicle Depot and approximately 8 days maintenance stock including reserve for any known commitment.
- (d) In the case of incoming vehicle, the quantity of POL vouchered by units has been brought on charge & the quantity used in transit (viz. the difference in quantity drained & quantity vouchered) has been charged off by mean of a CIV. It will be further seen that the quantity charged off through CIV is reasonable taking into account the mileage covered by the vehicle in transit by road.
- (e) The fuel required for movement of vehicles inside the vehicle depot has been issued against each B.A numbers and the quantity issued has been posted in ledger.
- (f) All M.T Gasoline Vehicle (Class I to VII) have been drained of M.T. Gasoline on their being placed in their storage location except such class I & II vehicles are required for immediate issue.
- (g) Fuels recovered for vehicle after refueling have been returned to the POL Store & brought to account by bulk CRV at the end of each working day.
- (h) Bulk issue of oil & lubricants have been made to maintenance teams in different parts & the daily consumption has been written off charge by means of CIV prepared at the end of each day giving B.A. WD numbers maintained.
- (i) Issues to depot. Transfer have been made in bulk on IAF2 - 2206, separate copy being prepared for the total quantity issue each day.
- (j) Bulk issues to convoys have been made in containers on IAF2-2206 (part 1) (to be used as a CIV) each voucher being endorsed with reference to the connected movement order, convoy note number.
- (k) M.T. Gasoline issues have generally been based on the following scale:
 - (a) Transfer of stock between vehicles Depot by road-- As on required basis.

(b) Unfit, road delivery - 9 liters per vehicle.

Issue by rail

Vehicle dispatched by rail will have a maximum 2 liters in case of Motor Cycle and 9 liters in case of B' Vehicles; 45 to 55 liters will be issued in case of issue of 'A' vehicles by rail.

- (l) When vehicles are sent to base workshops, the petrol has been drained off from the tank before handing over the vehicle to workshop.
- (m) M.T. Gasoline sent along with vehicle in dependant station workshop or workshop companies have been accorded for in the log book with the appropriate details in support.

STOCK TAKING

- (i) Stock taking has been carried out according to periodicity mention below:

| | |
|-----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| Vehicles | Half yearly viz. on the last days of the months of March and September of each calendar year. |
| Kits & Equipments | |
| (1) Bulk items of equipments of stock vehicles, items of vehicle's kits, Tire, Tubes and Batteries. | Half yearly as in case of vehicles. |
| (ii) POL | Monthly |

- (ii) Stock taking has been completed within a period not exceeding 6 (Six) working days and the actual dates of stock taking notified in depot orders, Part-I.
- (iii) The stock census sheet pertaining to certain vehicles will be screened against the related vehicle's log books to ascertain as to whether log book exist for all the vehicles shown on the stock census sheet and that particulars, such as classification etc. shown in the latter agree with those shown in the log book. Whether classification differs, the classification given in the log book has been taken as correct.
- (iv) Entries made in the reconciliation progress register are correct an up to date and that discrepancy between book balances and

ground balances have been investigated and adjusted within one month of the date of stock taking.

- (v) When similar surpluses and deficiencies have been adjusted against each other, the number and date of the original voucher in which the mistake occurred have been quoted in term of rule 474 (iii) (b) FR Part-II.
- (vi) No adjustment of discrepancies discovered on stock taking has been made on stock taking sheet unless under the orders of Commands/C.O.Os/O.Os
 - (vi) (a) The amount of loss falls within their financial powers and
 - (b) The stock taking sheet has been pre-scrutinized by the LAO.
- (vii) The stocking sheet submitted to the LAO for pre-scrutiny has been crossed-referred with the corresponding serial number of losses/ surplus from the register of losses/surpluses respectively and supported by :-
 - (1) A certificate to the effect that no theft, fraud or neglect is involved and that change in condition of stock vehicles while in storage is not due to theft, fraud or neglect, want of proper maintenance or lack of suitable storage accommodation.
 - (2) Precise of the case supporting the discrepancy where ever necessary together with any radical action to prevent reoccurrence.
- (viii) Regular loss statement has been prepared on A.F.G.-1049/l.A.F.O. 2715 in respect of:
 - (a) Loss beyond the financial powers of the commandants/C.O.O./O.O.
 - (b) Losses involving theft, fraud or neglect even though they fall under the financial powers of the commandants/C.O.O./O.O
- (ix) Changes in condition attributed to pilferage of parts or neglect of any kind, have been investigated by court of enquiry pin-pointing responsibility for the incidental loss and have been covered by loss statement duly sanctioned by the C.F.A.

- (x) The discrepancy report register in respect of vehicles has been maintained, received by depot Account Officer, programming action taken as under and that discrepancy reports have been finalized within 2 (Two) months except when court of enquiry have been necessary or where claimed against railway are involved:
 - (a) If no reply is received from a unit after the lapse of 21 days of dispatch of the discrepancy report, reminder will be sent.
 - (b) If no communication is received within 14 days after the issue of reminder, the case will be referred to the HQ Area/Sub-Area concerned, with a copy to unit
 - (c) If no reply received from Area/Sub-Area within 1 (one) month of the reference to the discrepancy report, a reminder will be sent, a copy being endorsed to the Brigadier, Ordnance/Head Quarters, Command concerned.

EME

ROLE AND RESPONSIBILITIES OF DIFFERENT FUNCTIONARIES OF CORPS OF EME & ORDNANCE

TERMS OF REFERENCES

1. IMPART BASIC KNOWLEDGE ABOUT CORPS OF EME AND ORDNANCE.
2. THE DETAIL SHALL LEAD TO THE VARIOUS FUNCTIONARIES DEALING WITH FINANCIAL MATTERS.

PREVIEW

1. ROLE & RESPONSIBILITIES
 - (a) EME
 - (b) ORD
2. ORGANISATIONAL SET UP AND FUNCTIONS.
3. CONCLUSION.

ROLE OF EME

THE ROLE OF THE CORPS OF EME IS TO ACHIEVE AND MAINTAIN THE OPERATIONAL FITNESS OF THE ELECTRICAL, MECHANICAL, ELECTRONICS, MEDICAL AND OPTICAL EQUIPMENT OF THE ARMY.

RESPONSIBILITY OF EME

- REPAIRS TO ALL ELECTRICAL, MECHANICAL, ELECTRONIC, MEDICAL AND OPTICAL EQUIPMENT OF THE ARMY EXCLUDING ITEMS OR EQPT OF THE INDIAN NAVY AND INDIAN AIR FORCE WHICH ARE COMMON TO THE THREE SERVICES. ON SPECIFIED STATIONS ONLY SMALL ARMS AND WIRELESS SETS OF THE POLICE AND EQUIPMENT OF PARAMILITARY ORGANISATIONS AS DECIDED BY THE GOVERNMENT OF INDIA.
- FIELD AND BASE REPAIRS TO THE BRIDGING EQUIPMENT OF BOTH ENGINEERS AND ORDNANCE ORIGIN INCLUDING PONTOONS OF THE ARMY
- LIGHT AND FIELD REPAIRS TO MILITARY ENGINEERING SERVICE (MES) VEHICLES IN SPECIFIED STATIONS.

- REPAIRS TO PETROLEUM HANDLING EQUIPMENT OF ORDNANCE SUPPLY.

ARMY ORDNANCE CORPS

THE MASTER GENERAL OF ORDNANCE (MGO) IS RESPONSIBLE TO THE CHIEF OF ARMY STAFF FOR THE EFFICIENT FUNCTIONING OF ARMY ORDNANCE CORPS (AOC). THE DIRECTOR GENERAL OF ORDNANCE SERVICE (DGOS) WHO HEADS THE ARMY ORDNANCE CORPS IS RESPONSIBLE TO THE MASTER GENERAL OF ORDNANCE FOR ADMINISTRATION AND DIRECTION OF ORDNANCE SERVICES.

RESPONSIBILITY OF ORDNANCE

- PROVISION, RECEIPT, STORAGE, PRESERVATION, ACCOUNTING, STOCK TAKING AND ISSUE OF ALL THE MATERIAL REQUIREMENT OF THE ARMY EXCEPT THE FOLLOWING:

- (a) SUPPLIES, PETROLEUM, OILS AND LUBRICANTS OF THE ARMY SERVICE CORPS RESPONSIBILITY.

- (b) SPECIAL ITEMS OF ENGINEER EQUIPMENT PROVIDED BY ENGINEERS AND OF WHICH THEY ARE THE USERS.

- (c) MEDICAL STORES PROVIDED BY THE ARMY MEDICAL CORPS.

- MEETING THE REQUIREMENT OF AIR FORCE, NAVY AND OTHER DEPARTMENTS REFERRED TO IN EQUIPMENT REGULATION IN COMMON USER ITEMS.

- REPAIR AND MODIFICATION TO ORDNANCE STORES WHICH IS NOT THE RESPONSIBILITY OF THE EME.

- INSPECTION, REPAIR, PROOF AND TEST, CONVERSION AND DISPOSAL OF AMMUNITION AND EXPLOSIVES.

- DISPOSAL ACTION IN RESPECT OF UNWANTED AND UNSERVICEABLE STORES, VEHICLE AND AMMUNITION.

- PROVISION OF CINEMA AND DRY CLEANING FACILITIES.

ORGANISATIONAL SETUP

MGO

[PG OS JDG EME

HQ TG EME HQ BWG MG EME

(ABWS) (ADV BW

EME SUPPORT TO THE FIELD

1. FIRST LINE SUPPORT.

- (a) UNIT REPAIR ORGANISATION - INFANTRY BATTALION & FIELD AMBULANCES.
- (b) LIGHT REPAIR WORKSHOP -ARMOURED, ARTILLERY, ENGINEER, SIGNAL, MECANISED BATTALIONS.
- (c). UNIT WORKSHOP OR ONE TO ONE WORKSHOP -AD REGIMENTS & ATGM BATTALIONS.

2. SECOND LINE SUPPORT.

- (a) INDEPENDENT BRIGADEE -ARMOURED, INFANTRY, ARTILLERY & PARACHUTE.
- (b) DIVISION -EME BATTALION.
- (c) CORPS -CORPS EME BATTALION.

3. THIRD LINE SUPPORT.

- (a) CORPS ZONAL WORKSHOP.
- (b) ARMOURED TROOPS WORKSHOP.

4. FOURTH LINE SUPPORT

- (a) ARMY BASF WORKSHOP.
- (b) ADVANCE BASE WORKSHOP.

STORE HOLDING ESTABLISHMENTS OF ORD

- 1. COD. SUPPLY TO ODs, ABODs AND FADS BASED ON DEPENDANCY AND REQUIREMENT OF A PARTICULAR THEATRE.
- 2. CADs.
 - (a) DEALS WITH AMMUNITION, EXPLOSIVES AND NON EXPLOSIVES STORES PERTAINING TO AMMUNITION.
 - (b) FUNCTIONS SIMILAR TO COD EXCEPT THAT HANDLES AMMUNITION AND EXPLOSIVE.

3. CVDs.
 - (a) HOLD STOCKS OF 'A' OR 'B' VEHICLES OR BOTH 'A' AND 'B' VEHICLES FOR ISSUE TO UNITS AND FORMATIONS UNDER ORDERS OF ARMY/ COMMAND HQ.
 - (b) PROVISION OF VEHICLES IS MADE AT ARMY HQ.

4. ODs.
 - (a) COMPOSITE DEPOTS AS VARIOUS TYPES OF STORES OF ORDNANCE SUPPLY EXCEPT AMMUNITION AND VEHS.
 - (b) RESPONSIBLE FOR THE SUPPLY OF STORES TO UNITS WITHIN THEIR AREA OF SUPPLY WHICH IS DETERMINED BY GEOGRAPHICAL AND OTHER FACTORS.

5. ADS HOLD STOCK OF AMMUNITION AND EXPLOSIVES FOR SUPPLY TO UNITS/FORMATIONS DEPENDENT UPON THEM.

6. OSS PROVIDE SPARES BACKING TO THE BASE EME WORKSHOPS FOR CARRYING OUT THEIR REPAIR OVERHAUL COMMITMENTS.

7. ABOD/FOD.
 - (a) ESTABLISHED IN THE COMMUNICATION ZONE AREA WHEN UNITS ARE NOT WITHIN EASY TURNS ROUND FROM ANY ORDNANCE DEPOT AND A QUICK AND REGULAR FLOW OF ORDNANCE STORES CANNOT BE ENSURED.
 - (b) COMPOSITE STORE HOLDING DEPOT AND ACTS AS THE ADVANCE LINK TO THE SUPPLY CHAIN BETWEEN VARIOUS CODs, OMCs AND OFPs.

8. FADS.
 - (a) DESIGNED TO MEET THE AMMUNITION REQUIREMENTS OF ABOUT CORPS STRENGTH.
 - (b) CAPABLE OF ESTABLISHING SUB DEPOTS IN OUT STATIONS.

9. AMN COY.
 - (a) DESIGNED TO HOLD AMN IN FORWARD AREAS.

(b) ITS PLATOONS AND SECTIONS CAN ESTABLISH AND OPERATE AMMUNITION POINTS (APs).

10. VEH COY. DESIGNED TO HOLD 450 FIT AND .400 REPAIRABLE/DISCARDED`B`VEHICLES INCLUDING MOTOR CYCLES AND TRAILERS.
11. CORPS ORD MAINT Pk COMPOSITE STORE HOLDING UNIT DESIGNED TO PROVIDE ORDNANCE COVER TO A CORPS WHICH IS NOT BEING SUPPORTED DIRECTLY BY A FOD, FAD OR ABOD.
12. CORPS OMC HOLDS ORDNANCE STORES AND AMMUNITION LESS VEHICLES FOR CORPS TROOPS ONLY.
13. DOU
 - (a) PROVIDED TO MOUNTAIN DIVISIONS, ARMED DIVISION AND INFANTRY DIVISIONS.
 - (b) HOLDS ALL TYPES OF ORDNANCE STORES AND AMMUNITION TO MEET THE REQUIREMENT OF THE FORMATION INCLUDING FIELD WORKSHOPS.
14. OFFP HOLDS TWO MONTHS SUPPLY OF SPARES'AND ACCESSORIES REQUIRED FOR LIGHT REPAIRS OF MECHANICAL TRANSPORT AND WARLIKE AND TECHNICAL EQUIPMENT HELD BY UNITS AND A LIMITED RANGE AND QUANTITY OF COMPLETE SMALL ARMS AND ESSENTIAL EQUIPMENT.
15. BOU COMPOSITE STORE HOLDING UNITS ALLOTT TO A FORMATION WHICH REMAIN INACCESSIBLE DUE TO DIFFICULT TERRAIN.

ORGANISATION WITH A VIEW TO FINANCIAL AUTHORITY

| SER NO | LEVEL | EME | ORD |
|--------|----------------------|-------------------|------------------------------|
| 1 | ARMY HEADQUARTERS | MGO DGEME | MGO DGOS |
| 2 | COMMAND HEADQUARTERS | MG EME | MG AOC |
| 3 | CORPS LEVEL | DD EME | DD OS |
| 4 | DIV LEVEL | CO EME BN | CO DOU |
| 5 | BRIGADE LEVEL | OC WKSP | OIC TSS (ARTY, DIV TPS WKSP) |
| 6 | BN LEVEL | OC LRW/ IC URO | - |

IMPORTANT FEATURES, METHODOLOGY AND PROCEDURE TO OPERATE THE SYSTEM

TERMS OF REFERENCES

1. STEPS INVOLVED IN PROVISIONING ACTION ARE COVERED TO UNDERSTAND THE SYSTEM.
2. ONLY BASIC METHODOLOGY & PROCEDURE TO OPERATE THE SYSTEM IS CONSIDERED SINCE VARIATIONS ARE BEING CONSIDERED BY OTHER SPEAKERS.

PREVIEW

1. SPARES PART MANAGEMENT
 - A. CRITICALITY OF THE SPARES PARTS
 - B. REPAIR PHILOSOPHY
 - C. ISG, MS, CES / VKL / TOTE
 - D. PROCUREMENT AND STOCKING
 - E. INTREGRATED SPARE MANAGEMENT SYSTEM
2. METHODOLOGY AND PROCEDURE OF PURCHASE
3. FINANCIAL POWERS
4. CONCLUSION.

GENERAL

SPARE PART REPRESENTS A MAJOR PART OF MAINTENANCE AGENCIES IN A PLANT FROM ABOUT 50% IN LOW TECHNOLOGY AND ENGINEERING INDUSTRIES TO AS HIGH AS 80% IN HIGH TECHNOLOGY AND PROCESS INDUSTRY. THE INVESTMENT IN SPARE PARTS OFTEN EXCEEDS 10% OF THE VALUE OF PLANT AND MACHINERY IN A FACTORY.

REPAIR SYSTEM

- THE ARMY NEEDS TO HAVE ALL THE EQUIPMENT AVAILABLE AT ALL TIMES READINESS FOR WAR, BUT DUE TO UNRELIABILITY OF THE EQUIPMENT A CERTAIN FAILURE RATE WILL DEVELOP.
- IT IS THE JOB OF THE MAINTENANCE AND REPAIR ORGANISATION TO RETURN THE FIELD EQUIPMENT AS FAST AS POSSIBLE TO THE USER.

- THE AIM OF ANY REPAIR SYSTEM IS THEREFORE TWO FOLD; FIRSTLY TO RETURN FAILED EQUIPMENT TO SERVICE WITHIN A SHORT TIME AND SECONDLY TO DO SO ECONOMICALLY.
- THE MAIN PROBLEM OF REPAIRABLES IS FORECASTING THE REPAIRABLES ARISING, FROM PERIOD TO PERIOD AND THEN DETERMINING WHEN AND WHERE THE REPAIR AND PROCUREMENT ACTION SHOULD BE INITIATED SO AS TO MAINTAIN A CHOSEN LEVEL OF AVAILABILITY OF SERVICABLE ITEMS.
- TO SUPPORT THE UNIT HOLDING WE MUST THEREFORE HAVE REPAIR POLICY AND REPAIR CONCEPT.
- THE QUESTION WHICH USED TO BE ANSWERED TO FORMULATE A REPAIR CONCEPT OR A REPAIR POLICY ARE:-
 - A. WHETHER TO REPAIR AND WHERE TO REPAIR
 - B. WHETHER TO RECLAIM AND WHERE TO RECLAIM
 - C. WHETHER TO MANUFACTURE PART AND WHERE TO MANUFACTURE THEM

THESE REQUIRE EXAMINATION OF EACH AND EVERY COMPONENT AND THEN THE REPAIR POLICY IS FINALISED. IF IT IS DECIDED TO REPAIR THEN WE NEED TO HAVE THE FOLLOWING:-

- A. REPAIRS POOL OR RESERVES
- B. SPARE PARTS
- C. TOOLS
- D. TEST EQUIPMENT
- E. TECHNICAL PUBLICATIONS
- F. MANPOWER
- G. ORGANISATION
- H. FACILITIES

MANAGEMENT OF SPARE PART

- ALL PARTS REQUIRED FOR REPLACEMENT OF WORN-OUT/DAMAGED COMPONENTS ARE TERMED AS 'MAINTENANCE SPARES' OR SIMPLY 'SPARE PARTS'.
- INTERACTS IN ALL STAGES OF EQUIPMENT LIFE ie. DESIGN, THROUGH USE AND MODIFICATIONS TO DISPOSAL.

- MANAGEMENT OF SPARE PARTS INVOLVES:-
 - A. PLANNING
 - B. PROCUREMENT AND STOCKING
 - C. DISTRIBUTION AND ISSUE
 - D. DISPOSAL

DECISION TABLE FOR DECIDING ASSURANCE LEVEL

| DESIRED ASSURANCE LEVELS | | COST OF HOLDING A SPARE PART IN STOCK WHEN NOT REQUIRED | | |
|--------------------------------------------------|----------------|---------------------------------------------------------|---------------|------------|
| | | VALUE | | |
| | | HIGH (A) | MEDIUM (B) | LOW (C) |
| COST OF NOT HAVING A PART IN STOCK WHEN REQUIRED | VTAL (V) | 50% | 75% | 95% |
| | ESSENTIAL (E) | - | 50% | 75% |
| | DESIREABLE (D) | - | - | 50% |

GUDLINES LINES FOR SPARE PROVISIONS

- INITIAL STOCKING GUIDE (ISG)
 - A. BASIC DOCUMENT FOR PROVISING BY ODs.
 - B. FOR NEWLY INTRODUCED EQUIPMENT, IT INDICATES:-
 - I. INITIAL FILL (IF)
 - II. FILED MAINTENANCE SPARES (M)
 - III. OVERHAUL SPARES (O)
- MAINTENANCE SCALES
 - A. INDICATE RANGES AND QUANTITY OF SPARES FOR INITIAL STOCKING OF FILEN AND INTRMEDIATE ECHLONS OF REPAIR UNITS FOR DIFFERENT QUANTITIOES OF EQUIPMENT OF MAINTENANCE CHARGE.
 - B. FIGURES REPRESENTS TWO MONTHS CONSUMPTION

C. THE SCALED QUANTITIES ARE GUIDELINES TO BE USED TILL SUFFICIENT USAGE DATA (MONTHLY MAINTENANCE FIGURE-MMF) IS ESTABLISHED.

- SCALING OF COMPLETE EQUIPMENT SCHEDULE (CES)/ VEHICAL KIT LIST (VKL)/ TO TE AND THEIR SPARES.

A. ITEMS INCLUDED IN ABOVE OF A MAJOR EQUIPMENT ARE GROUPED UNDER TWO CATEGORIES:-

- (i) TECHNICAL
- (ii) NON TECHNICAL