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रक्षा लेखा विभाग

76-D

DEFENCE ACCOUNTS DEPARTMENT

रक्षा लेखापरीक्षा संहिता  
जिल्द I

DEFENCE AUDIT CODE  
VOL. I



सत्यमेव जयते

1992 संस्करण

(शुद्धि पर्ची संख्या 25/90 तक समाविष्ट)

1992 Edition

[Incorporating amendments upto C.S. No. 25/90]

रक्षा लेखा महानियंत्रक के प्राधिकार से जारी की गई

Issued by the authority of the

CONTROLLER GENERAL OF DEFENCE ACCOUNTS

रक्षा लेखा विभाग

76 D  
C.S. No. 25/90

DEFENCE ACCOUNTS DEPARTMENT

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जिल्द I

DEFENCE AUDIT CODE  
VOL. I



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1992 संस्करण

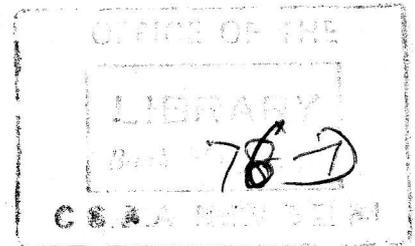
(भूटि नवी संख्या 25/90 तक समाविष्ट)

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यह लेख भारतीय सरकार के प्राधिकार से जारी की गई  
Issued by the authority of the

CONTROLLER GENERAL OF DEFENCE ACCOUNTS



## PREFACE

This Code embraces the broad and general principles on which audit by the Defence Accounts Department is conducted over Defence Services receipts and expenditure and the special points to be observed in the audit of particular items of such receipts and expenditure.

2. All officers and members of the establishment should make themselves fully conversant with the contents of this Code. Ignorance of its provisions will not be accepted as an excuse for any departure from these provisions or failure to comply with them.

3. This code is a departmental publication. The instructions contained therein are supplementary to the rules in the Civil and Defence Accounts Codes, Financial Regulations, Pay and Allowances Regulations, Civil Service Regulations etc. When dealing with work in the office and in correspondence with other offices in the Department, the relevant paras of this Code should invariably be cited. No change, which involves a substantial departure from these instructions, should be effected without the previous approval of the Controller General of Defence Accounts.

4. The Controller of Defence Accounts, Southern Command, Pune will be responsible for keeping this book corrected upto date. For this purpose, he will propose Corrections whenever necessary and send the draft amendments to the Controller General of Defence Accounts in duplicate for approval, quoting the orders on which the corrections proposed are based.

5. This supersedes the 1972 Edition of Defence Audit Code.

NEW DELHI  
Dated : 29-4-1992

SANJIB MUKHERJI  
*Controller General of Defence Accounts*

For easy handling, this Defence Audit Code has been printed in two volumes as under:—

**Volume I**

Chapters 1 to 10

**Volume II**

Chapters 11 to 19 and Appendices

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: शब्द "उप" के पहले शब्द "निदेशक" शामिल करें।

INSERT THE WORD "DIRECTOR", AFTER  
THE WORDS "ASSISTED BY".

परीक्षा निदेशक, रक्षा सेवाएं के स्थान पर

: DIRECTOR OF AUDIT DEFENCE SERVICES

परीक्षा महानिदेशक रक्षा सेवाएं पट्टिए

DIRECTOR GENERAL OF AUDIT DEFENCE  
SERVICES.

## CHAPTER 1

### INTRODUCTORY

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#### Introductory

1. This code embraces (i) the broad and general principles on which audit by the Defence Accounts Department is conducted over Defence Services receipts and expenditure and (ii) the special points to be observed in the audit of particular item of such receipts and expenditure.

2. No attempt has been made to include in this Code the detailed procedure which is to be followed by the several audit sections of a Controller's office in the conduct of its business. This will be found in the relevant Office Manuals. This Code does not also include instructions with regard to the local audit and inspection of Store and Public Fund Accounts, etc., by the Local Audit Officers of the Defence Accounts Department. These instructions are contained in the 'Army Local Audit Manual Parts I and II, N.L.A.O's Manual and Air Force Local Audit Manual'.

3. In applying the rules in this Code, it is to be borne in mind that except in its relation to the statutory audit conducted by the Director of Audit, Defence Services, and his staff, the word 'audit' as used herein refers solely to the functions of internal audit exercised by the Defence Accounts Department on behalf of Secretary (Defence/Finance) and Financial Adviser, Ministry of Defence (Finance) who functions in the dual capacity of principal representative of the Ministry of Finance in the field of Defence expenditure and as the Chief Accounting Officer for Defence Services.

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#### Statutory Audit by the Director of Audit, Defence Services

5. As, unlike the Civil Accounts and Audit Offices the offices of the Defence Accounts Department are not administratively subordinate to the Comptroller and Auditor General of India, statutory audit of the accounts and financial transactions of Defence Ser-

vices is carried out on behalf of the Comptroller and Auditor General by an organisation directly under his administrative control. The head of this organisation is the Director, <sup>General</sup> of Audit Defence Services, who is assisted by Deputy and Assistant Directors. The statutory audit of Defence Services expenditure is only a test audit, which is conducted by these officers to such extent and in such manner as may be directed by the Comptroller and Auditor General.

6. The Director of Audit, Defence Services, audits all sanctions of the Government of India in the Ministry of Defence and the Ministry of Defence (Finance). He scrutinises all Codes and Regulations issued for the use and guidance of the Defence Accounts Department and prepares annually a Report on the Appropriation Accounts of the Defence Services. Audit in the Controllers Offices is conducted concurrently and it is seen that the accounts of the Defence Services, as included in the Combined Finance and Revenue Accounts are a correct presentation of facts and represent money that has really been spent in the manner in which it is shown to have been spent.

7. Audit of Cantonment Funds Accounts conducted by the Defence Accounts Department is not subject to Test Audit by the Director of Audit (Defence Services). Cantonment Boards pay audit fees to the Defence Accounts Department.

#### 8. Blank

#### Addressing of correspondence on questions of interpretation of rules, procedure, higher audit and financial advice

9. Controllers should not address Services Headquarters or the Ministry of Defence (Finance) direct on questions of interpretation of rules, procedure, higher audit and financial advice. Such questions should always be referred by them to the Controller General of Defence Accounts.

## CHAPTER 2

### GENERAL PRINCIPLES AND RULES OF AUDIT

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#### Introductory

15. The primary function of audit is to verify the accuracy and completeness of accounts to secure that all receipts are brought to account under the proper head, that all expenditure and disbursements are authorised, vouched and correctly classified and that the final account represents a complete and true statement of the financial transactions it purports to exhibit.

16. Services and the Defence Accounts Department in the discharge of Audit Duties the clear distinction between Auditorial and Administrative Functions should always be borne in mind. It is function of the Government to make Financial Rules and Orders for the Defence Services, and of the Officers of the Defence Services and the Defence Accounts Department responsible for making payments, to apply these rules and orders. It is the function of audit to verify that these rules and orders are properly applied. It is not the function of audit to prescribe what such rules and orders shall be or to interfere with their administrative application.

17. Audit by the Defence Accounts Department is conducted with reference to the rules laid down in this Code. Financial and other Regulations for the Defence Services and other orders issued by Government and other competent financial authorities from time to time.

The standards of financial propriety enunciated in para 39 of this code are the basic rules on which all audit is conducted as regards propriety of expenditure.

18. In the course of scrutiny of accounts and transactions of the Defence Services, audit is entitled to make relevant queries and observations and to call for such vouchers, statements, returns and explanation in relation to them as it may consider necessary in the interest of proper discharge of its duties. All queries and observations should be couched in language which is courteous and impersonal.

19. In auditing Defence Services Accounts, audit should not make independent enquiries from the personnel of the Defence Services, etc. as such action would amount to an encroachment on the functions of the administrative authorities. Audit should confine itself to calling upon the administrative authorities to furnish any information that may be required and, in cases of difficulty, it should confer with these authorities to the best means of obtaining the evidence which it requires.

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#### Audit Responsibility of Controllers

21. A Controller of Defence Accounts is responsible through the Controller General of Defence Accounts to the Secretary (Defence/Finance) and Financial Adviser, Minister of Defence (Finance) for the audit of the portion of the receipts and expenditure of Defence Services that is entrusted to him. Without the sanction of the Controller General of Defence Accounts he will not take up the audit of any accounts which do not fall within the sphere of his duties of audit except the audit of Regimental Funds of units and formations as provided in para 834 of regulations for the Army 1962 Edition.

अध्याय 2 पैरा 23 के नीचे का टिप्पणा  
CHAPTER II NOTE UNDER PARA 23 LINE—FIVE

: “रक्षा लेखा नियंत्रकों” के स्थान पर

FOR : “C.S.D.A.”

: “रक्षा लेखा महानियंत्रक” पढ़िए

READ : “C.G.D.A.”

Rs. : 4.36 £ : 0.1 Cents : One

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**Audit and Scrutiny of Sanctions and Orders**

23. Sanctions and orders which are applicable to Defence Services issued by the Government of India and various Defence Organisations with the concurrence of the Ministry of Defence (Finance) are communicated by them direct to the Controllers of Defence Accounts. Such sanctions should indicate that the order/memorandum/letter issues with the concurrence of Ministry of Defence (Finance) vide their U.O. no.....Dated.....Similar sanctions and orders issued by authorities lower than the Government of India are communicated direct to the Controllers by the such authorities except

- (i) those issued by the Chief of Army Staff, whose sanctions and order are communicated by the respective branches of Army Hqrs.
- (ii) those issued by the Chief of Naval Staff, whose sanctions and orders are communicated by the authorities empowered to sign on his behalf.
- (iii) those issued by the Chief of Air Staff, whose sanctions and orders are communicated by the authorities who have been delegated powers to sign on his behalf.

**Note :** Sanction accorded by the Ministry of Defence in their capacity as local Government under the C.S.R. (vide serial No. 30 of appendix 1 to C.S.R.) or under the powers delegated to them by Govt. will be communicated direct to the ~~C.S.D.A.~~ <sup>C.C.D.A.</sup> by the Ministry of Defence. Such sanctions will be viewed as sanctions issued by authorities lower than the Govt. of India and will be subjected to audit by Controllers. See para 25 below.

Copies of Government sanctions which are intended for communication to the Controllers of Defence Accounts, who have to act upon the sanction will be signed in ink by the sanctioning authority. Copies endorsed to other Controllers may bear cyclostyled signatures. These instructions are applicable to sanctions issued with the concurrence of financial authorities as well as those issued under the power vested in the various competent financial and administrative authorities. These do not apply to sanctions of a general nature including those involving delegation of powers which may continue to be issued under cyclostyled signatures. These are to be followed only in cases of sanctions which are in the nature of conveying sanctions for a particular item of

expenditure or for an appointment or regularisation of loss, with a definite monetary implication or limit.

24. The audit of Government of India sanctions is conducted by the Director of Audit, Defence Services. A regular audit of such sanctions will not, therefore, be carried out by the Controllers.

All Codes, regulations and standing orders issued by the Government of India are scrutinised by the Director of Audit, Defence Services and the Controller General of Defence Accounts and need no further scrutiny by Controllers of Defence Accounts.

25. The audit of all sanctions and orders affecting Defence Services issued by authorities lower than the Government of India the Comptroller and Auditor General or the Controller General of Defence Accounts devolves on controllers of Defence Accounts concerned and such audit must be carried out before audit is conducted on the transactions arising from such sanctions and orders.

**Note :** The fact that the sanctions accorded by the administrative authorities at Armed Forces Hqrs. Under the financial powers vested in them under the rules in Financial Regulations and other rules and regulations or orders may have been concurred in by the financial authorities at those Headquarters does not relieve the Controllers of their responsibility for the audit of these sanctions, as financial concurrence does not connote an audit of the sanctions. Accordingly, all sanctions accorded by the Defence Hqrs should be audited by Controllers with reference to the orders governing the sanction, even though the sanctions indicate that the same were concurred in by the Ministry of Defence (Finance) these sanctions not having been accorded by the government of India are not auditable by the Director of Audit, Defence Services.

26. All expenditure of Public money, which is not authorised by the Regulations or other orders requires the sanction of the Govt. of India. Accordingly, all orders which convey sanctions, either directly or indirectly, to such expenditure should issue in the form of a Government letter or Army/Air Force/Navy Instruction. The Controllers of Defence Accounts should not act on any letter issued by the branches of Armed Forces Headquarters which should have been appropriately issued in the form of a Government letter or Army/Air Force/Navy Instruction.

27. The sanctions and orders affecting financial transactions may be broadly divided into three cases:—

- (1) Rules and general orders;
- (2) Grants and appropriations; and
- (3) Sanctions to expenditure.

28. All such rules and orders should be scrutinised to see:—

- (1) that they are consistent with the essential requirements of audit and accounts;
- (2) that they do not conflict with the orders of, or rules made by any higher authority &
- (3) that, in case they have not been separately approved by competent higher authority; the issuing authority possesses the necessary rule making power.

29. In applying the first of these checks the Controllers should be guided by any subsidiary instructions which may be issued by the Comptroller and Auditor General or the Controller General of Defence Accounts from time to time.

30. In applying the second of these checks the guiding principles enunciated below should be observed:

(i) if the sanctioning authority is vested with full powers in respect of the particular class of expenditure, sanction accorded under these powers can be challenged by audit only under the standards of financial propriety (see para 39).

(ii) if it is vested with powers which may be exercised provided due regard is paid to certain criteria which are expressed in a general form, sanctions accorded under these powers can be challenged by audit:—

(a) if the disregard of the criteria is considered to be so serious as to make the sanction perverse, or

(b) if the facts of the case are such as to make the audit authority confident that one or more of the criteria have been disregarded;

(iii) if it is vested with powers which are expressed in precise terms, the Audit officer is bound to ascertain that the order defining its powers is obeyed exactly in every instance, and

(iv) in all cases, if the Controller has reason to think that undue advantage is taken of the provisions of any orders whereunder the rule is issued he should bring the case to the notice of the proper superior authority. Cases of disregard of standards of financial propriety should be dealt with under paragraph 40.

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#### Audit of Sanctions to Expenditure

33. One of the important functions of audit in relation to the audit of expenditure is to see that each item of expenditure is covered by the sanction of the authority competent to sanction it. Here, audit has not only to see that the expenditure is covered by a sanction, either general or special, but it has also to satisfy itself (i) that the authority sanctioning it is competent to do so by virtue of the powers vested in it by the provisions of appropriate orders or Regulations and (ii) that the sanction is definite and thus needs no reference either to the sanctioning authority itself or to any higher authority.

When a sanction to expenditure received by the Audit Officer has been examined and admitted as regular and correct, the audit of expenditure against the audited sanction becomes a simple matter as audit has merely to see that the expenditure conforms to the provisions of the sanction.

34. It is imperative that utmost care and attention should be devoted to the work connected with the audit of sanctions to expenditure as once a sanction has been accepted in audit expenditure may have to be passed against it for a length of time.

35. In the audit of sanctions to expenditure, the guiding principles enunciated below should be observed in addition to the requirement mentioned in para 33:

- (i) The principles enumerated in paragraph 30 (i), (ii) & (iii) & paragraph 40 are observed.

- (ii) For the purpose of financial sanction, a group of works which forms part of one and the same project shall be considered as one work and the necessity for obtaining the sanction of a higher authority to a project is not avoided by reasons of the fact that the cost of each particular work in the project is within the powers of the lower authority. In short, a measure as a whole requiring the sanction of the higher authority should not be sanctioned in instalments by a lower authority. This criterion would also *mutatis mutandis* be applicable to expenditure sanctioned on the employment of personnel, purchase of stores, etc.

**Note :** A preliminary enquiry, survey or experiment which must necessarily precede the preparation of any project or scheme, need not be considered, for the purpose of this rule, as forming part of that project or scheme, as a whole.

- (iii) If any one item of a scheme requires the sanction of a higher authority that item should not be given effect to before sanction to it is obtained.

36. Except under the orders of the Controller, no order of sanction shall be accepted in audit unless it has been received from or through the sanctioning authority (see para 23 Et. Seq). When an order sanctioning expenditure contains no indication of the amount or limit of sanction, the Controller should address the authority sanctioning it.

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#### Audit against Propriety

38. It is an essential function of audit to bring to light not only cases of clear irregularity but also every matter which, in its judgement, appears to involve improper expenditure or waste of public money or stores, even though the accounts themselves may be in order and no obvious irregularity has occurred. It is thus not sufficient to see that sundry rules or orders of competent authority have been observed.

It is of equal importance to see that the broad principles of orthodox finance are borne in mind not only by disbursing officers but also by sanctioning authorities.

39. No precise rules can be laid down for regulating the course of audit against propriety. Its object is to support a reasonably high standard of public financial morality, of sound financial administration and devotion to the financial interests of Government. In fact he asks every question that might be expected from an intelligent taxpayer bent on getting the best value for his money. Audit officers in the performance of their duties should, in any case, apply the following general principles which have for long been recognised as standards (or canons) of financial propriety:

- (1) Every public officer should exercise the same vigilance in respect of expenditure incurred from public moneys as a person of ordinary prudence would exercise in respect of expenditure of his own money.
- (2) The expenditure should not be *prima facie* more than the occasion demands.
- (3) No authority should exercise its powers of sanctioning expenditure to pass an order which will be directly or indirectly to its own advantage.
- (4) The amount of allowances, such as travelling allowances granted to meet expenditure of a particular type, should be so regulated that an allowance is not on the whole a source of profit to the recipients.
- (5) Public money should not be utilised for the benefit of a particular person or section of the community unless:
  - (i) the amount of expenditure involved is insignificant, or
  - (ii) a claim for the amount could be enforced in a court of law, or
  - (iii) the expenditure is in pursuance of a recognised policy or custom.

The proper discharge of duties by an Audit Officer in this field is a very delicate matter and requires much discretion and tact. A challenge against expenditure should not be expressed as based on 'canons of financial propriety' but as transgressing a universally accepted standard of official conduct or financial administration.

40. When the Controller considers that any rule or order has infringed any one of the canons of financial propriety, he should convey his opinion to the administrative authority concerned for such action as that authority may think fit to take and request it to intimate, in due course, the action taken by it. Thereafter, if he considers it necessary, he may report to the next higher authority. While addressing correspondence to services Headquarters or the Government of India, the provisions of para 9 Ft.Seq.

The system of maintaining the pay accounts of Civilians is different from that of service personnel. In the case of the former, the gazetted officers have the option to draw their salaries, either in cash or by cheque. Options of all the officers should be obtained in March every year. The option once exercised in March holds good for the entire financial year and no change during the course of the year is allowed. In cases where the officers wished to be paid in cash, the heads of offices draw their salaries, through consolidated paybills and render monthly to

शुद्धि पर्ची सं० 3/1998  
C.S. No. 3/998

संशोधन : रक्षा लेखापरीक्षा संहिता - जिल्द 1992 एवम्  
AMENDMENT ; DEFENCE AUDIT CODE Vol. 1 1992 Edn.

अध्याय 1 पैरा 2  
CHAPTER I PARA 2

अध्याय 2 पैरा 42 और पैरा 43  
CHAPTER II PARA 42 AND PARA 43

: थल सेना स्थानीय लेखापरीक्षा नियम पुस्तक भाग I और II के स्थान पर

FOR : ARMY LOCAL AUDIT MANUAL PART I & II

: थल सेना स्थानीय लेखापरीक्षा नियम पुस्तक भाग--1, जिल्द I, II और III तथा भाग II पढ़िए।

READ : ARMY LOCAL AUDIT MANUAL PARTS I, VOLS. I, II AND III AND PART II

If a Controller desires to take any action in a matter which concerns his own office or his subordinate offices, he should invariably refer the cases to C.G.D.A. for obtaining prior concurrence.

#### Audit of Expenditure

43. The audit of all expenditure debitable to Defence Services estimates is conducted by the Controllers of Defence Accounts either centrally in their own offices or locally through the agency of the Local Audit Officers.

The detailed instructions with regard to the Local Audit and inspection of store and Public fund accounts, etc. by the Local Audit Officers are contained in the Army Local Audit Manual Parts I & II, N.L.A.O's Manual and Air Force Local Audit Manual.

44. The pay accounts of the service personnel of the Defence Services are maintained on I.R.L.As which are subjected to review/post audit as the case may be. The procedure for the maintenance and review/post-audit of I.R.L.As is described in the respective chapters of this code.

or pre-audit and payment. While opt to draw their salaries by chey bills themselves monthly to the or pre-audit and payment. The zatted establishment are prepared fices and rendered monthly to the or pre-audit and payment.

side, however, the pay accounts (non industrial civilian employees) by the administrative authy on of service personnel and subjected he D.A.D.

or the audit of pay bills of civilian ishment will be found in the rele- this code.

nnel of Ordnance Depots, E.M.F. ary Farms, MES etc. are paid by thorities on check rolls/industrial personnel subject to post-audit by Local Audit Officers/Regional Audit Officers (MES).

In certain exceptional cases such as Hospitals, Supply Depots, Miscellaneous formations however, the pay and allowances of industrial personnel are also claimed and disbursed in the same manner as non-industrial personnel.

The pay bills of non industrial personnel are drawn by the head of office and are pre-audited by the C.D.A. On the Air Force side, payments to non industrial civilian employees are made, out of public fund accounts, on acquittance rolls-cum-pay bills and are post audited by the C.D.A. (A.F.).

The industrial personnel of the Navy are paid in the following manner :

- (a) pay accounts are maintained by the wages section of the C.D.A. (Navy) in parts I & II of the Register of Wages (NSO 340 and NSO 341) in respect of those under the administrative control of the Admiral Superintendent, Naval Dockyard, Bombay.

40. When the Controller considers that any rule or order has infringed any one of the canons of financial propriety, he should convey his opinion to the administrative authority concerned for such action as that authority may think fit to take and request it to intimate, in due course, the action taken by it. Thereafter, if he considers it necessary, he may report to the next higher authority. While addressing correspondence to services Headquarters or the Government of India, the provisions of para 9 Et. Seq. should be kept in mind.

#### 41. Blank

#### Extent of Audit of Expenditure

42. The extent to which the various classes of bills and accounts will be audited is shown in the Annexure to this chapter. The quantum of audit, may, however, be suitably increased under the personal orders of the Controller to the extent he may order at his discretion where the state of accounts is unsatisfactory and warrants more detailed audit. Bills and accounts not enumerated in that annexure will be audited in full. The extent of audit in respect of store and Public fund accounts is prescribed in the 'Army Local Audit Manual Parts I & II' <sup>Part II</sup> <sup>NLAO's</sup> Manual and Air Force Local Audit Manual. The extent of audit in respect of MES Accounts is prescribed in the 'M.E.S. Accounts manual' and the M.E.S. 'Local Audit Manual'.

'If a Controller desires to relax audit temporarily in a matter which concerns his own office or his subordinate offices, he should invariably refer the cases to C.G.D.A. for obtaining prior concurrence'.

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The detailed instructions with regard to the Local Audit and inspection of store and Public fund accounts, etc., by the Local Audit Officers are contained in the Army Local Audit Manual Parts I & II, N.L.A.O.'s Manual and Air Force Local Audit Manual.

44. The pay accounts of the service personnel of the Defence Services are maintained on I.R.L.As which are subjected to review/post audit as the case may be. The procedure for the maintenance and review/post-audit of I.R.L.As is described in the respective chapters of this code.

The system of maintaining the pay accounts of Civilians is different from that of service personnel. In the case of the former, the gazetted officers have the option to draw their salaries, either in cash or by cheque. Options of all the officers should be obtained in March every year. The option once exercised in March holds good for the entire financial year and no change during the course of the year is allowed. In cases where the officers wished to be paid in cash, the heads of offices draw their salaries, through consolidated paybills and render monthly to C.D.A. concerned for pre-audit and payment. While those officers who opt to draw their salaries by cheques prefer their paybills themselves monthly to the CDA concerned for pre-audit and payment. The paybills of non-gazetted establishment are prepared by the Heads of Offices and rendered monthly to the CDA concerned for pre-audit and payment.

On the Air Force side, however, the pay accounts of civilians (except non industrial civilian employees) are maintained by the administrative authy on I.R.L.As like those of service personnel and subjected to post-audit by the D.A.D.

The procedure for the audit of pay bills of civilian officers and establishment will be found in the relevant chapters of this code.

Industrial personnel of Ordnance Depots, E.M.F. Workshops, Military Farms, MES etc. are paid by administrative authorities on check rolls/industrial personnel bills subject to post-audit by Local Audit Officers/Regional Audit Officers (MES).

In certain exceptional cases such as Hospitals, Supply Depots, Miscellaneous formations however, the pay and allowances of industrial personnel are also claimed and disbursed in the same manner as non-industrial personnel.

The pay bills of non industrial personnel are drawn by the head of office and are pre-audited by the C.D.A. On the Air Force side, payments to non industrial civilian employees are made, out of public fund accounts, on acquittance rolls-cum-pay bills and are post audited by the C.D.A. (A.F.).

The industrial personnel of the Navy are paid in the following manner :

- (a) pay accounts are maintained by the wages section of the C.D.A. (Navy) in parts I & II of the Register of Wages (NSO 340 and NSO 341) in respect of those under the administrative control of the Admiral Superintendent, Naval Dockyard, Bombay.

- (b) in respect of industrial personnel of I.N. Establishments in Bombay other than (a) above and also INS 'Shivaji' pay bills are prepared by the OsC concerned and are pre-audited by the CDA (N).
- (c) in respect of industrial personnel of I.N. Establishments located outside Bombay pay bills/muster rolls are prepared by the Heads of Establishments, which after payment from the cash assignment are subjected to post-audit by CDA(N).

Unit allowances and miscellaneous personal claims are normally pre-audited by the Controllers. In some cases, however administrative authorities have been empowered to pay certain types of miscellaneous charges and claims from the imprest subject to post-audit by the Controllers. Lists of such items are given in the 'Pamphlet of Recognised claims'.

Similarly, cash assignments at civil treasuries or the branches of State Bank and/or its subsidiaries are placed at the disposal of certain administrative and executive officers (such as Officers Commanding Remount Depots; Commandant 'EQUINE' Breeding Studs and Area Remount Officers; Deputy Directors, Military Farms; Recruiting Officers and Assistant Recruiting Officers for Gorkhas; Garrison Engineers, etc.) For meeting expenditure on special purposes vide rules in Financial and other Regulations. All such payments are subject to post-audit by Controllers.

Except where payment of specified items of expenditure is specifically authorised under rules to be made by officers of the Defence Services subject to post audit, all payments are made by Controllers of Defence Accounts after pre-audit on submission of bills, claims etc, by the parties concerned. These payments may be made either to the parties direct, or credited in the I.R.L.As or the disbursing officers may be authorised to disburse the amounts through cash accounts, imprests etc.

**Note 1:** in urgent cases wherein the opinion of Controllers such a course is necessary to avoid delay in payment, they may at their discretion authorise the payment without pre-audit, of claims which are normally required to be pre audited. All such payments will be subjected to post audit subsequently.

**Note 2:** establishment bills of the office of a C.D.A. are audited by another C.D.A. The bills are

paid by the C.D.A. to whose establishment they pertain, after preliminary scrutiny, and post audited by the C.D.A. to whom the work has been allotted (see Annexure 'A' to Chapter II of Office Manual part II, vol I) other bills pertaining to Controllers offices are also similarly post-audited.

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#### Main objects of Audit of expenditure

47. The main object of audit of expenditure are to ensure :

- (a) that there is provision of funds for the expenditure duly authorised by competent authority;
- (b) that the expenditure is in accordance with a sanction properly accorded and is incurred by an officer competent to incur it;
- (c) that the claims are made in accordance with rules and in proper form;
- (d) that all prescribed preliminaries to expenditure are observed such as proper estimates framed and approved by competent authority for works expenditure, a health certificate obtained where necessary before disbursement of pay to a government servant etc;
- (e) that the expenditure sanctioned for a limited period is not admitted in audit beyond that period without further sanction;
- (f) that payment is made to the proper person and that it is so acknowledged and recorded that a second claim against Government on the same account is impossible;
- (g) that the charge is correctly classified and that if a charge is debitable to the personal account of a contractor, employee or other individual or is recoverable from him under any rule or order, it is recorded as such in a prescribed account and the recovery is watched;
- (h) in cases of purchase of stores, that they have been accounted for in the prescribed store accounts and that the rates are the same as contracted for or are certified as correct by proper authority;
- (i) in respect of bills of contractors of the Military Engineer Services, that the terms of the contract or other agreement have been adhered to;

- (j) that rates entered in the bills for transport for the movement of troops and stores, when such transport is not provided for by the Army Service Corps, agree with the contract or tariff rates and that the warrants, credit notes or passage orders have been signed by the officer authorised to sign them, and that they have been properly issued under the rules, and
- (k) that the expenditure does not involve a breach of any of the standards of financial propriety (see paragraph 39 & 40).
48. Recurring charges which are payable on the fulfilment of certain conditions or until the occurrence of a certain event should be admitted in audit on receipt of a certificate from the officer concerned to the effect that the necessary conditions have been duly fulfilled or the event has not yet occurred, as the case may be.
49. Whilst it is desirable that auditors and others employed on audit duties should not be at liberty to make any relaxations in audit of their own motion, it is of considerable importance that the prescribed checks should be observed in spirit and not in the letter as opposed to the spirit.
50. It is irregular to continue making payments in contravention of definite Govt. orders. It should be ensured :
- (i) that where Government orders sanctioning pay and allowances definitely relate to a specific class of personnel, only such personnel should be admitted the authorised pay and allowances and the concession should on no account be extended to other classes merely on the basis of analogy or with a view to avoiding an anomaly;
- (ii) that where it is considered that the orders regarding a certain element of pay are allegedly incorrect or involve contradiction in their application in that other elements are treated differently, orders should be given effect to as they stand and on no account should payment be made beyond the scope of such orders; and
- (iii) that if a reference is made to higher authorities for clarification, etc. Vide item (ii) above the correct course is to act according to the orders as they stand pending a decision and not according to the opinion held in the controller's office nor to make any payments in anticipation of a favourable decision on the reference.

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#### Provisional Payments

53. Payments made in exceptional circumstances in anticipation of the receipt of the sanction of the appropriate authority or of additional allotments of funds to cover the expenditure are known as 'Provisional' Payments.

54. Cases may arise where sanction of the appropriate authority exists and funds are available, yet a final payment cannot be made to the parties concerned, whether Government employees or third parties, on account of lack of documentation, or lack of time for verification of the particulars or for the completion of necessary audit requirements.

In such cases, the amount which is clearly payable may be paid to the parties after satisfying that no overpayment or breach of rules would be involved thereby. The payments so made are also to be treated as 'provisional' payments.

**Note :** The finalisation of all provisional payments will be watched through the medium of a register and cases where such payments remain unadjusted or not finalised for long periods should be brought to notice of higher administrative authorities for immediate action. The register will be subject to review by C.D.A./JT C.D.A. In the same manner as registers subsidiary to the "Review of Balances".

55. Provisional payments will be made only under the personal order and discretion of the Controller of Defence Accounts, who, before authorising such payments will satisfy himself, with a due sense of his own responsibility that his authorisation is justifiable. The Controller of Defence Accounts may, at his discretion delegate the powers to make provisional payments to Joint Controller and/or IDAS Officers functioning as Group Officers on the clear understanding that this will not absolve the C.D.A. of the ultimate responsibility for the Provisional Payment.

Similarly, the Chief Controller of Accounts (Factories) may also at his discretion, delegate the powers to authorise provisional Payments of local purchase bills, when requested by the General Manager of Ordnance Factories, Chief Quality Assurance Officers, Chief Quality Assurance Establishment and Directors of R & D Establishments and Officer incharge holding independent charge of Branch Accounts Offices.

56. Controllers will not authorise any provisional payments where there is no authority. Cases of lack of powers or lack of authority should be dealt with in the normal manner by the administrative authorities. Only when some clear evidence is available that the necessity for the expenditure has been accepted and that the sanction of the appropriate authority has either actually been accorded or will be forthcoming, the Controllers will use their discretion in the timing of the payment to avoid hardship. In the matter of pay and allowances of persons who are kept on in service or in a particular establishment beyond the date of expiry of the sanction, a greater latitude may be shown by the Controllers on the merit of each case.

57. In cases of lack of budget provision, if there is evidence that some action has been taken for obtaining additional allotments, the Controllers may use their discretion for the release of amounts to the parties concerned where third parties are involved e.g. Contractors, and there is a definite legal liability to pay, payment should not ordinarily be with held but each case should be decided on its merits and on the strength of the legal aspects of the claim, legal advisers being consulted in doubtful cases.

58. In no circumstances will a provisional payment be made on an undertaking by the individual concerned that he will refund the amount if required to do so, should however, an LPC of an individual transferred from another establishment not be forthcoming the Audit Officer, may on being furnished by the individual concerned with a certificate stating the date upto which he was last paid, the rates of his pay and allowances and the demands outstanding against him, authorise pay being disbursed and provisionally admitted pending the receipt of an L.P.C. Such payments will not be continued indefinitely.

59. In some isolated cases specific directions are given by the Defence Ministry (or by branches at Services Headquarters with the concurrence of Ministry of Defence (Finance) when the Defence Ministry has empowered them to sanction the expenditure) calling on the Controllers to make a payment, which from the direction cannot be regarded as final. In such cases the ultimate responsibility for watching the final adjustment and the settlement of payments rests with the Ministry Defence or the branches at Services Headquarters. The finalisation of these payments will also be watched through the register mentioned in the note under para 54 in the manner indicated therein.

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#### Audit of Bills and Vouchers

62. The detailed audit of bills and vouchers is conducted to see :

- (a) that the bills and vouchers are in the prescribed form and original;
- (b) that they are duly receipted by payees and that a brief abstract is given in English under the signature of the drawing officer on all purely vernacular vouchers and that vernacular signatures are transliterated (signature in Hindi, and in case of State Govts signature in other authorised regional languages need not however be transliterated), also that the sub vouchers contain notes of dates of payment;
- (c) that the details work up to the total and the totals are in words as well as in figures;
- (d) that there are no erasures, and that any alterations in the totals are attested by the officer concerned as many times as they are made;
- (e) that no voucher or order has been signed by the subordinate 'for' an officer;
- (f) that the bills are signed in ink no bill or voucher signed with a stamp being accepted;

**Note :** Bills affixed with facsimile signature of the authorised officer presented by the posts and telegraphs department for telegram and trunk call charges, by the Municipalities & Corporations for water and electricity charges and by the Air India international on account of their dues against government (for passage fares, cargo and excess luggage charges forming sub vouchers of the contingent bills), may be accepted for payment, if otherwise in order.

- (g) that copies of sanctions are certified by the sanctioning officer or by a gazetted officer authorised to sign for him;

**Note 1 :** In case of charges for which special sanction is necessary under rule, no separate sanction need be insisted on if the bill or voucher is countersigned by the authority competent to sanction the expenditure.

(H)

अध्याय 2 पैरा 62 (ज) पंक्ति -एक  
CHAPTER II PARA 62(h) LINE—TWO

: “रु. 20/-” के स्थान पर  
FOR : “Rs. 20/-”

: “रु. 500/” पढ़िए  
READ : “Rs. 500/-”

(प्राधिकार : भारत सरकार, वित्त मंत्रालय, राजस्व विभाग का  
दिनांक 31 मई, 94 का का.ज्ञा. संख्या: एफ. 33/64/93-एस. टी.)  
(AUTHY : GOVT. OF INDIA, MIN. OF FI-  
NANCE, DEPTT. OF REVENUE O.M. No.  
F. 33/64/93-ST DT. 31 MAY 94).

अध्याय 2 पैरा 62 (ट) पंक्ति-एक  
CHAPTER II PARA 62(k) LINE—ONE

(K)

: “12 महीने” के स्थान पर  
FOR : “12 MONTHS”

: “24 महीने” पढ़िए  
READ : “24 MONTHS”

(प्राधिकार : वित्तीय नियमावली भाग-1, जिल्द 1, 1993 का  
प्रकाशन की शुद्धि पर्ची संख्या: 12/VIII/94  
(AUTHY : C.S. No. 12/VIII/94 TO FR Pt. I,  
VOL. I, 1983 Edn.)

fact of payment of the next charge uncorrected

This does not apply to the case of temporary establishments the sanction of which should always be called for and noted in the Audit Register.

**Note 2:** The term 'voucher' should be taken to include 'sub voucher' for all purposes of audit.

- (h) that stamps are affixed to all vouchers for sums in excess of Rs. 20 if necessary, the stamps being punched or otherwise defaced at the time of audit;
- (i) in all case in which it is prescribed that agreement should be effected between two different documents, the fact of the agreement should be noted on both the documents and initialled by the auditor who makes the agreement;
- (j) that fund and income tax deductions have been correctly made;
- (k) that claims preferred after 12 months are not proceeded with or without the sanction of the competent authority as prescribed in Financial Regulations;
- (l) necessary entries should be made in the prescribed Audit Registers and in cases where audit is conducted with reference to previous bills, the bills should be linked together, notes being made in each under the auditor's initials. A suitable entry should prominently be made in the last charge, regarding the fact of payment of the next charge, indicating also the No. and date of the voucher (as given by the unit), the amount involved and the month to which the charge pertains under the initials of the auditor and the So(A)/AAO.

63. A register of bills will be maintained in each section to watch the prompt disposal of all bills received for payment.

64. All bills paid must be stamped 'paid' and the date of payment must be given, it must be noted on them whether they are paid in cash or cheque the date of the cheque in the case of individual cheques and the no. & date of cheque in the case of omnibus cheques, being quoted. They must further bear the pay order of the disbursing officer, and the amount paid must agree with the amount passed. Ordinarily no payment will be made in excess of the actual amount claimed in a bill. Arithmetical inaccuracies and obvious mistakes in a pay bill may, however, be corrected, in the case of officers' pay bills where it is

quite clear that excess credits have been afforded in a pay bill on account of public claims (eg. Income tax, fund subscriptions, etc.) against an officer or that an officer has inadvertently under claimed an amount clearly authorised and due to him, the necessary amendment may be carried out. Details of amendments should be communicated to the claimant. Before any such alterations in a pay bill can be made, the specific orders by the Officer in Charge of the audit section concerned must be obtained.

It is not, however, permissible to enhance the amount due to an officer on his pay bill by addition of any form of pay and allowances to which he is eligible only in certain specified circumstances and on the fulfilment of certain definite conditions.

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#### Specimen signature

66. Before admitting a claim, an audit officer must satisfy himself that the signature it bears is genuine. To enable him to do so he will obtain a specimen copy of the signature of every officer who is required to prefer his own paybill or that of the establishment serving under him; or who is eligible to render claims to the C.D.A. Or who is authorised to sign requisitions for cash or to hold and render imprest cash public fund etc. accounts; or who is authorised to countersign or certify the various claims, accounts, etc. The specimen copy of signature will be recorded in the personal file of the officer or other relevant file/register.

67. Blank.

#### Amendment and interpretation of rules

68. The following procedure should be observed by a Controller when he is of opinion that an amendment to a rule in an authorised code, etc, is required, or that necessity exists for the authoritative interpretation of a rule:

- (1) when any defective rule come to the notice of a Controller in the course of his audit duties he will first see whether the rule, as it stands, admits of a definite, audit decision being given one way or another. If so, he will ordinarily decide the audit point according to the rule as it stands. Then and in all other cases he should refer the matter to the Controller General of Defence Accounts.

(2) where, however, the expenditure involved is of really material importance, the Controller may consider it desirable to defer an audit ruling until the points of doubt have been settled or again the rule may be so questionable in itself, or with reference to a discrepant instruction elsewhere in the codes or regulations, that the Controller may feel himself unable to give a satisfactory audit ruling one way or the other on the regulations as they stand. In all such cases, the question should be referred to the Controller General of Defence Accounts if the point in doubt has formed the subject of correspondence between the Controller and a General Officer Commanding in Chief or a General Officer Commanding or the Head of a Department (or corresponding authorities in the case of Navy and the Air Force), a copy of the letter containing the views of the letter should accompany the reference.

**Note 1:** Any recommendation by an administrative authority for exceptional treatment, outside the rule, should be addressed to the higher administrative authority concerned, through the Controller, and not to the Controller.

**Note 2:** In making references to the C.G.D.A. the provisions of para 9 et. Seq should be kept in mind.

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**Financial advice**

72. In addition to their normal functions of internal audit of Defence Services receipts and expenditure, the Controllers of Defence Accounts act as agents or representatives of the Secretary (Defence/Finance) and Financial Adviser, Ministry of Defence (Finance) on the spot. In this capacity they have to consider and put forward proposals, on their own initiative, for reduction of Defence Expenditure whenever such reduction appears practicable. For instance if the circumstances under which a concession or an allowance has been granted change subsequently and warrant modification or withdrawal of the concession or if the working of a rule or a system leads to abuse or extravagance, the controllers should report the matter to the C.G.D.A. Who will, if deemed fit, bring the matter to the notice of Ministry of Defence (Finance).

73. The Regional Controllers are ex officio financial advisers to the General Officers Commanding in Chief of Commands as well as to the area and Independent Sub Area Commanders in their respective audit areas in respect of the expenditure sanctioned by them. Similarly, the CDA (Air Force) acts as Financial Adviser to the Air Officer Commanding Western/Eastern/Central/South West Air Commands I.A.F. and Maintenance/Training Command IAF and the CDA (Navy) to the Flag Officers Commanding in Chief Western Naval Command, Bombay, Eastern Naval Command, Vishakhapatnam, Commodore Commanding Southern Naval Area, Cochin and Admiral Superintendent Naval Dockyard, Bombay.

74. Financial advice tendered to the above authorities can be divided into two portions namely: (i) responding financial advice which consists: (a) advice on definite points referred to Controllers and (b) advice as the result of investigations into facts which are normally accepted on the statement of commanding and administrative officers; and (ii) original financial advice, which consists of advising the administration of any method by which equal efficiency can be obtained with less expenditure. Audit will not only see that the authority for expenditure is quoted but will also on legitimate occasions investigate the necessity for it. It will examine whether the individual items were in furtherance of the scheme for which the budget provided whether the same results could have been obtained otherwise with greater economy; whether the rate and scale were justified in the circumstances; in fact they will ask every question that might be expected from an intelligent tax payer bent on getting the best value for his money. For this purpose comparison of expenditure of cash and certain important kinds of stores selected in each unit will be necessary in respect of

- (1) the same unit as between different quarters of the year and
- (2) units of same type during a particular period. Investigations for financial advice will cover the whole field of Defence Expenditure but particular attention will be paid to those items where extravagance is more likely e.g. working of hospitals by comparison between the cost of

diets, extras, etc. The railing or back railing of stores; use of Government transport; the cost of MES maintenance and repairs; working of contracts; both A.S.C. and M.E.S. (Controllers should keep under constant review the various fields of Defence Expenditure in order to suggest to the administrative authorities ways and means of avoiding extravagance and achieving economy especially in view of the rising Defence Expenditure and particular attention should be bestowed by Controllers on this item of work). The result of Controller's investigation on all individual points of higher audit and financial advice and the conclusions he has formed thereon will be presented by him to the Local Military authorities concerned, if he considers that the results justify such a course. No item of financial advice will, however, be pressed without the full knowledge and goodwill of the Command or Area staff with whom the proposition should be fully discussed. Controllers should prominently bring to the notice of the C.G.D.A. Cases in which suggestions made by them could not be implemented due to the unhelpful attitude of the local administrative authorities or their disinclination to taking up the matter with financial and administrative authorities at Defence Headquarters while reporting such cases it should be ensured that a self contained report giving full details of the advice tendered, the views of the administrative authorities and also further remarks of the Controller thereon is also submitted to the C.G.D.A.

Audit officers will also watch the manner in which the various executive officers are undertaking their more important financial responsibilities.

**Note 1:** Controllers should in particular examine whether the stocks of defence stores, which are being declared surplus to the disposal organisation cannot with advantage be utilised against items in current demand with any charges or repairs of lowering of specifications, etc. if necessary. On completion of the investigations, Controllers should send to the CGDA any suggestions, which they may come across and which, if implemented, would check extravagance, secure economy and lead to savings either directly in cash expenditure or indirectly, in the utilisation of stores, to enable the C.G.D.A. to take these up with the administrative and financial authorities at Defence Headquarters.

**Note 2:** Points of higher audit raised during the scrutiny of contracts apart from the routine observations leading to lowering of rates raised during the scrutiny of comparative statement of tenders of A.S.C. Supplies, need only be included in the report rendered to the C.G.D.A.

75. If Controllers feel that the intervention of the financial or administrative authorities at Defence headquarters is necessary in a specific case or when a question of policy is involved, they may refer such cases to the Controller General of Defence Accounts direct. Such references should be made with the Personal cognisance of the Controller.

76. To ensure that financial advice of the nature mentioned in para 74(ii) above is carried out systematically, a special section called the "Financial Advice Section/Technical Control Section" exists in Controller's Office. FA/TC Section will ordinarily carry out only original financial advice work, as distinct from what may be termed 'responding financial or audit advice', that is, advice on specific questions referred to Controllers by the administrative authorities. The latter kind of work will be dealt with by the audit sections concerned, invoking the assistance of the 'Financial advice/Technical Control' Section in cases of special importance. "The Financial Advice/Technical Control Section" will be fed by the audit sections and by the Local/Regional Audit Officers who will furnish to it such useful points as come to their notice in their day to day audit and which merit investigation for financial advice purposes. Another source of good points of financial advice will be found in the tour notes of the Controller and other officers.

77. No objection should ever be issued by the 'Financial Advice/Technical Control' Section nor should they enter into any correspondence with Officers Commanding and others. All necessary enquiries must be made verbally from the audit sections concerned. If in any case correspondence should become indispensable, such correspondence should take the form of personal letters written over the Controller's signature. Controllers will ensure that the visits paid to units and formations for financial advice are not confused in the minds of any one concerned, with the ordinary audit and inspection.

78. The organisation of their own officers and the work conducted in the several sections and by the local audit staff should also form the subject of continuous examination and review by Controllers. They should feel no hesitation in submitting for the CGDA's consideration, matured schemes of audit of cash and store expenditure which, they are satisfied, will result in the reduction in the cost of audit, in simplification of works or in greater efficiency.

79. The CGDA should be kept fully informed of the result, of, and freely consulted in regard to, important investigations, in connection with financial advice.

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अध्याय 2 उपाबन्ध-खर्च की लेखापरीक्षा की सीमा-मद संख्या 3 (ड) (i)

पंक्ति-एक

CHAPTER II ANNEXURE—EXTENT OF AUDIT OF EXPENDITURE—ITEM No. 3(e) (i) LINE—TWO

: "लेखाकारों" के स्थान पर  
FOR : "ACCOUNTANTS"

: "अनुभाग अधिकारी" (लेखा) पढ़िए  
READ : "SO's (A)"



**ANNEXURE—Contd.**  
(Referred to in Para 42)  
**Extent of Audit of Expenditure**

| Sl. No. | Account/document to be audited  | Scope of Audit  |
|---------|---|---|
| 1.      | 2   | 3   |
|         | <p><b>Note :</b> Payments made at treasuries of the states of Rajasthan, Jammu and Kashmir and erstwhile State of Hyderabad are subjected to cent per cent audit.</p>   |   |
| 3.      | <p>Post audit of bills pertaining to Defence Accounts Department</p> <p>(a) Post audit of pay bills of officers (including supplementary pay bills)</p> <p>(b) Post audit of non-gazetted establishment pay bills.</p> <p>(c) Post audit of travelling allowance bills of officers and establishment of the Defence Accounts Department.</p> <p>(1) Bills for Rs. 100/- and over</p> <p>(2) Bills for less than Rs. 100/-</p> <p>(d) Post audit of contingent bills pertaining to Defence Accounts Department :</p> <p>(1) Bills for Rs. 100/- and over received during each month</p> <p>(2) Bills for less than Rs. 100/-</p> <p>(e) Post audit bills on account of cost of medical attendance and treatment Defence Accounts Personnel.</p> <p>(1) Bills pertaining to personnel below the accountants grade (permanent temporary or officiating).</p> <p>(2) All other bills.</p> | <p>8-½% pay (i.e. one month's bills including supplementary pay bills in a period of 12 months). These orders will be effective from 1-8-77</p> <p>(1) ¼th or 25% of the bills received during each month (to be selected by the Section Officer) should be audited in full, the remaining bills will be subjected to a general scrutiny.</p> <p>(2) All the bills received during each month will be subjected to a general scrutiny.</p> <p>(1) In full.</p> <p>(2) 1/6th or 16⅔% of the total bills received during each month should be audited in full, the remaining bills should be passed after general scrutiny as to the correctness e.g. propriety of the charges reasonableness of price etc.</p> <p>(1) 1/6th of the bills paid each month to be audited in full, and the rest scrutinised generally to see that the rules on the subject have been observed.</p> <p>(2) 100%.</p> |

- (iii) रु० 200 के स्थान पर रु० 400 के स्थान पर  
 (iii) FOR Rs. 200/- FOR Rs. 400/-

रु० 100 पढ़िए रु० 200 पढ़िए 50 प्रतिशत  
 READ Rs. 100/- READ Rs. 200/- 50%

- (iv) रु० 400 के स्थान पर 100 प्रतिशत  
 (iv) FOR Rs. 400/-

रु० 200 पढ़िए  
 READ Rs. 200/- 100%

अध्याय 2 पैरा 42—उपाबन्ध

CHAPTER II PARA 42—ANNEXURE

- (क) रेल वारंट (एक समान दर के वाउचरों सहित) सामान्य संश्लेषा  
 (a) RAILWAY WARRANTS (INCLUDING  
 FLAT RATED VRs)

- (i) 100 रु० मूल्य तक के स्थान पर यों ही चुने हुए  
 50 रु० पढ़िए

- (i) UPTO THE VALUE FOR Rs. 100/- GENERAL SCRUTINY  
 KEAT Rs. 50/-- SELECTED AT RANDOM

- (ii) 100 रु० से अधिक किन्तु 200 रु० मूल्य तक  
 (ii) EXCEEDING Rs. 100/- BUT UPTO Rs. 200/-

पढ़िए 50/- रुपये । 100 रुपये 25 प्रतिशत  
 read Rs. 50/- Rs. 100/- 25%

READ Rs. 100/- READ Rs. 200/- 33 1/3 %

- (iv) रुपये 800 के स्थान पर और अधिक 100 प्रतिशत  
 (iv) FOR Rs. 800/-

रुपये 200 पढ़िए  
 READ Rs. 200/- AND ABOVE 100%

(iii) रु० 200 के स्थान पर रु० 400 के स्थान पर  
(iii) FOR Rs. 200/- FOR Rs. 400/-

रु० 100 पढ़िए रु० 200 पढ़िए 50 प्रतिशत  
READ Rs. 100/- READ Rs. 200/- 50%

(iv) रु० 400 के स्थान पर. 100 प्रतिशत  
(iv) FOR Rs. 400/-

रु० 200 पढ़िए  
READ Rs. 200/- 100%

(ख) मिलिटरी क्रेडिट नोट]  
(b) MILITARY CREDIT NOTES

(i) रुपये 100 के स्थान पर] योही चुने हुए  
(i) FOR Rs. 100/-

रुपये 25 पढ़िए  
READ Rs. 25/- SELECTED AT RANDOM

(ii) रुपये 100 के स्थान पर रु० 400 के स्थान पर  
(ii) FOR Rs. 100/- FOR Rs. 400/-

रुपये 25 पढ़िए रु० 100 पढ़िए 15 प्रतिशत  
READ Rs. 25/- READ Rs. 100/- 15%

(iii) रुपये 400 के स्थान पर रु० 600 के स्थान पर  
(iii) FOR Rs. 400/- FOR Rs. 800/-

रुपये 100 पढ़िए रु० 200 पढ़िए 33  $\frac{1}{3}$  प्रतिशत  
READ Rs. 100/- READ Rs. 200/- 33  $\frac{1}{3}$ %

(iv) रुपये 800 के स्थान पर और अधिक 100 प्रतिशत  
(iv) FOR Rs. 800/-

रुपये 200 पढ़िए  
READ Rs. 200/- AND ABOVE 100%

(iii) रु० 200 के स्थान पर रु० 400 के स्थान पर  
(iii) FOR Rs. 200/- FOR Rs. 400/-

रु० 100 पढ़िए रु० 200 पढ़िए 50 प्रतिशत  
READ Rs. 100/- READ Rs. 200/- 50%

(iv) रु० 2 400 के स्थान पर 100 प्रतिशत  
(iv) FOR Rs. 400/-

रु० 200 पढ़िए  
READ Rs. 200/- 100%

(ख) मिलिटरी क्रेडिट नोट]  
(b) MILITARY CREDIT NOTES

(i) रुपये 100 के स्थान पर] योंही चुने हुए  
(i) FOR Rs. 100/-

रुपये 25 पढ़िए  
READ Rs. 25/- SELECTED AT RANDOM

(ii) रुपये 100 के स्थान पर रु० 400 के स्थान पर  
(ii) FOR Rs. 100/- FOR Rs. 400/-

रुपये 25 पढ़िए रु० 100 पढ़िए 15 प्रतिशत  
READ Rs. 25/- READ Rs. 100/- 15%

(iii) रुपये 400 के स्थान पर रु० 600 के स्थान पर  
(iii) FOR - Rs. 400/- FOR Rs. 800/-

रुपये 100 पढ़िए रु० 200 पढ़िए 33  $\frac{1}{3}$  प्रतिशत  
READ Rs. 100/- READ Rs. 200/- 33  $\frac{1}{3}$ %

(iv) रुपये 800 के स्थान पर और अधिक 100 प्रतिशत  
(iv) FOR Rs. 800/-

रुपये 200 पढ़िए  
READ Rs. 200/- AND ABOVE 100%

(ग) रियायत वाउचर फार्म डी

(c) CONCESSION VOUCHERS FORM D

(i) रुपये 50 के स्थान पर सामान्य सवीक्षा

रुपये 15 मूल्य तक के वाउचर ऐसा पढ़िए

(i) FOR Rs. 50/- GENERAL  
READ VOUCHERS UPTO SCRUTINY  
THE VALUE OF Rs. 15/-

(ii) FOR Rs. 50/- AND FOR Rs. 200/-

(ii) रुपये 50 के स्थान पर और रुपये 200 के स्थान पर 15 प्रतिशत  
रुपये 15 पढ़िए रुपये 50 पढ़िए

READ Rs. 15/- READ Rs. 50/- 15%

(iii) रुपये 200 के स्थान पर और रुपये 25 प्रतिशत  
रुपये 50 पढ़िए 400 के स्थान पर रुपये 50 पढ़िए

(iii) FOR Rs. 200/- AND FOR Rs. 400/-

ये 15 पढ़िए जाँकुसों त्र रुपये 50 पढ़िए  
READ Rs. 50/- READ Rs. 100/- 25%

(iv) रुपये 400 के स्थान पर 100 प्रतिशत

रुपये 100 पढ़िए

(iv) FOR Rs. 400/-

READ Rs. 100/- 100%

अधिकार : कार्यालय नियम पुस्तक भाग-iv जिल्द-III रेलवे सेक्शन पृष्ठ 46.)  
(AUTHY : OFFICE MANUAL PART VI,  
VOL. III RAILWAY SECTION PAGE 46).

[(घ) सिविल क्रेडिट नोट—रुपया इसे हटाया जाए

(d) CIVIL CREDIT NOTE—MAY B3

Approved

मौ०बा०घस०

200051998/-

y. C.G.D.R. (A.T.)

(पि० शंखरन)

रक्षा लेखा उपनियंत्रक (औ० एण्ड एम)

रक्षा लेखा नियंत्रक (द० क०) पुणे

(P. SEKHARAN)

Dy. C.D.A. (O &amp; M)

CDA (SC) Pune.

**Extent of Audit of Expenditure**  
(Referred to in Para 42)

| Sl. No. | Account/document to be audited  | 2 | Scope of Audit                             |
|---------|---|---|--|
| 1.      | 4. Railway Warrants, Credit notes and concession vouchers   | 3 |  |
|         | (a) Railway Warrants (including flat rated Vouchers)  |   |  |
|         | (i) Upto — 100 50/- 50<br>Exceeding Rs. 100/- but upto Rs. 200/-<br>(ii) Exceeding Rs. 200/- but upto Rs. 400/-<br>(iii) Exceeding Rs. 400/- but upto Rs. 200/-<br>(iv) Exceeding Rs. 400/- 100/- 200/- |   | General scrutiny<br>25% ✓<br>50%<br>100%   |
|         | (b) Military credit Notes   |   |  |
|         | (i) upto Rs. 100/- 25/- 100/-<br>Exceeding Rs. 100/- but upto Rs. 400/-<br>(ii) Exceeding Rs. 400/- upto Rs. 800/-<br>(iii) Exceeding Rs. 800/- 200/- 200/-<br>(iv) Exceeding Rs. 800/- 200/-           |   | General scrutiny<br>15%<br>33 1/3%<br>100% |
|         | (c) Concession vouchers: Form 'D'   |   |  |
|         | (i) Upto Rs. 50/- 15/-<br>Exceeding Rs. 50/- but upto Rs. 200/- 50/-<br>(ii) Exceeding Rs. 200/- but upto Rs. 400/- 100/-<br>(iii) Exceeding Rs. 400/- 100/-  |   | General scrutiny<br>15%<br>25%<br>100%     |
|         | (d) Civil Credit notes  |   |  |
|         | (i) Below Rs. 5/- in value<br>(ii) Between Rs. 5/- and Rs. 25/- in value<br>(iii) of Rs. 25/- and upwards in value  |   | NIL<br>25%<br>in full                      |

Ship repair Claims—"Cost plus profit" basis ship repair claims of M/s Mazagon Docks Ltd. Bombay.

**Note :** The selection of railway warrants, Military credit notes and concession vouchers for general scrutiny is not subject any prescribed percentage. The vouchers for general scrutiny shall be selected at random by the officer in charge section concerned.

CHAPTER 3  
AUDIT AGAINST PROVISION OF FUNDS.

|                     | Para |
|---------------------|------|
| General             | 83   |
| Appropriation audit | 90   |

**General**

83. The procedure relating to the preparation of the budget estimates, appropriation and re-appropriation of funds and budget matters generally, is laid down in Financial Regulations, Defence Accounts Code and other financial rules issued by the Ministry of Defence (Finance).

84. After the 'Demands for Grants' have been voted by the Parliament, a bill is introduced to provide for the appropriation out of the Consolidated Fund of India of all moneys required to meet those grants. No money can be withdrawn from the Consolidated fund until this bill is passed. The bill when passed, becomes the Appropriation Act.

85. Each grant authorised in the Appropriation Act is intended to cover all the charges including the liabilities of past years to be paid during a financial year or to be adjusted in the accounts of that year. It is operative until the close of that year. Any unspent balance at the end of the year lapses and is not available for utilisation in the following year.

**Note:** The financial year closes on 31st March. After that date all actual transactions are treated as pertaining to the following year but for bonafide transfer entries or book adjustments of transactions pertaining to the accounts of the year closed which are permissible or may be made for some months after 31st March until the accounts for the year are finally closed. See also note, below para 25, Defence Accounts Code.

86. No appropriation is needed in respect of recoveries of expenditure which are treated as receipts, both initially and finally, and are not required by any rule in an authorised account code to be taken in reduction of charges against grants for expenditure.

87. Seperate provision is made in the budget for expenditure in India and in England, the provisions for expenditure in England being intended to cover the charges incurred in England by the High Commissioner for India in the U.K (i) on the supply of such stores the cost of which is finally adjustable in his accounts, and (ii) for other payments made in England, which are not chargeable to Debt Heads of account.

**Note:** All charges paid at ports or elsewhere in India in connection with stores obtained from England should be treated as expenditure in India.

88. A grant or a supplementary grant may be provided in respect of expenditure under a Major Head or under one or more sections of a Major Head. For purposes of financial control, the provision under a Major Head of account is divided into units of appropriation each of which may be sub divided, as may be necessary.

89. Blank

**Appropriation Audit**

90. The Controllers of Defence Accounts are required to exercise appropriation audit, as described in the succeeding paragraphs only in respect of the expenditure compilable to locally controlled heads (see Defence Account Code). No such audit is required to be conducted by the Defence Accounts Department on the expenditure pertaining to centrally controlled heads.

91. Appropriation audit is conducted in two stages:

- (i) sanction audit i.e. audit of orders of allotment of funds and re-appropriations and
- (ii) expenditure audit i.e. audit of expenditure against allotments

92. The audit of orders of allotment and re-appropriations consists in seeing:

- (a) that the order has not the effect of increasing the amount of the appropriation at the disposal of the controlling authority, without the sanction of the competent authority;
- (b) that the amount appropriated is available under the unit from which it is allotted;
- (c) that the order is issued by the competent authority and is a legitimate charge against the allotment; and
- (d) that the re-appropriation has been authorised only within the appropriation of that year. All re-appropriations within the appropriation for a year can be authorised at any time before, but not after the expiry of the financial year.

93. In conducting the audit of expenditure against allotments, the following points should be carefully observed by Controllers:

- (a) if any specific appropriation has been made for a particular object of expenditure, all expenditure on it will be audited against such appropriation; and
- (b) if a lump sum appropriation is made for a group of items of expenditure, the total expenditure thereon will be audited against the lump sum appropriation;

94. It is not sufficient to exercise merely a close watch over orders of allotment and re-appropriation; the progress of expenditure against the grant or appropriation as a whole and sub divisions thereof should also receive special attention. The booked expenditure should be scrutinised intelligently and the case in which the expenditure seems to be abnormally heavy or unusually low, should be brought to the notice of the disbursing officers and controlling authorities for taking prompt action for obtaining additional allotment when excesses appear to be likely and when savings can be foreseen surrender such portions of the allotment as are not likely to be

required for the rest of the financial year. Provisional payments in excess of allotment will be made only under the personal orders of the C.D.A (or the officer to whom the powers have been delegated by him. See para 55 Defence Audit Code) who may, at his discretion, authorise such payments whenever he considers such a course to be in the best interests of the state. The detailed procedure for watching progress of expenditure against budget allotments is described in chapter 16 of Defence Account Code.

95. The authority administering an appropriation and not the Defence Account Department is ultimately responsible for keeping the expenditure within the appropriation.

96. The Controllers of Defence Accounts are responsible for watching that the expenditure does not exceed the allotments as modified by orders of re-appropriation passed by competent authority from time to time. They are also responsible for watching that re-appropriation of funds to meet any excess expenditure over allotments are duly sanctioned.

97. Blank.

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## CHAPTER 4

### AUDIT OF RECEIPTS AND RECOVERIES

|   | Para |
|---|------|
| General   | 99   |
| Investments and loans to Public Sector undertaking  | 103  |
| Recoveries of advances made in India  | 105  |
| Advances to service personnel by Indian Representatives Abroad  | 113  |
| Recoveries of income tax  | 118  |
| Recoveries of value of horses purchased by high officials   | 129  |
| Contributions towards leave allowances and pensions of officers and others lent to foreign service and passage contributions of such officers | 131  |
| Adjustment of leave salary contribution of officers and others on deputation to another government or department of the central Government    | 133  |
| Recoveries for stores issued on payment and for services rendered   | 136  |
| Recoveries of hospital stoppages  | 137  |
| Recoveries of licence fees  | 138  |

#### General

99. The audit of receipts consists in seeing that all sums due to Government are promptly credited and brought to account. As a general rule, no debt due to Government should be left outstanding on the books without due and sufficient reason. The audit office should exercise constant and watchful care over such outstanding and should fully review them at least once a year. Whenever any item appears to be irrecoverable, orders for its adjustment should be demanded. Unless permitted by any rule in an authorised code, no sums may be credited to Government by debt to any suspense heads; credit must follow, and not precede, actual realisation.

100. When any financial rule or order applicable to the case prescribes the scale or periodicity of recoveries, it will be the duty of Audit to ensure that there is no deviation without proper authority from such scale or periodicity.

101. The amounts due to Government are recoverable (1) through pay bills/I.R.L.As in the case of Government employees except where recovery is under rules required to be effected in cash eg. Barrack damages, (2) recovery of licence fee from Civilian Govt. Servants, retaining Govt. Accommodation beyond the date of retirement will be made in cash by the Head of Office and in respect of unauthorised period of occupation, by the Station Commander, (3) through work or supply bills in the case of contractors (4) by remittance of cash into a treasury or the bank on the authority of a Military Receivable Order and (5) by adjustment through Defence exchange account and the settlement accounts. In dealing with the credits it will be seen that—

- (a) the amounts are correct and properly vouched; and
- (b) there has been no delay in crediting the amounts.

102. Where recoveries are effected through the I.R.L.As, a note of all the demands outstanding against individuals will be kept in those ledger-accounts.

In other cases, a record of all sums due to Government will be maintained by means of demand or other appropriate registers (eg. Payment issue, registers, contractor's ledgers, revenue ledgers, pension audit registers/cards, registers for watching recovery of leave salary & pension contributions in respect of Govt servants lent to foreign service. etc). The action taken from time to time towards the recovery will be shown therein. When credit has been afforded for a particular item, a brief note to that effect will be made in the register against the item concerned.

In the case of advances compiled under a debt head, e.g. Advances for the purchase of motor or other conveyances, the payments made and the recoveries effected will also be recorded in the appropriate advance registers.

#### Investments and loans to public sector undertakings

103. Expenditure on account of investments (share capital) and loans to public sector undertakings is debited to sub head 'D' Major Head 130 Defence Capital Outlay and to head 'P' loans and advances by the Central Government loans to local funds, Private Parties etc. Regimental and other loans (Defence) respectively. The recoveries on account of

dividends due on investments in public sector undertakings etc. should be watched in the manner prescribed from time to time, and compiled to sub head 'G' Main Head iv Sub Major Head I of Major Head LXII Defence Services Estimates. The realisation of interest as and when it falls due will be watched and credited to Government as per the orders issued by the Government from time to time and compiled to Head xvi interest Regimental and other loans (Defence).

#### 104. Blank

#### Recoveries of advances made in India

105. Pay and allowances advanced under proper sanction are audited in the same way as pay and allowances issued on due date. Such advances will be adjusted as final charges against the relevant service heads, unless the parties concerned are proceeding to another circle of audit, in which case they will be reported to the audit officers concerned through last pay certificates and adjusted in accordance with the rules in para 113 Defence Account Code. In the case of advances made to individuals in his own payment, the audit officer will have the items entered in the demand etc. Register or the Individual Running Ledger Account concerned and will watch their recovery therefrom.

When advances are paid by Field Cashiers or Imprest Holders, the Controller of Defence Accounts with whom the Field Cashier or the Imprest Holder is in direct account will, if the advances are recoverable in his circle of audit, have the advance entered in the audit or demand register or in the Individual Running Ledger Account, for watching recovery therefrom. If the advances are paid to individuals in another audit circle the advances will be debited, through the Defence Exchange Accounts, to the Audit officer concerned for further recovery action.

106. Advances for the purchase of motor or other conveyances and other interest bearing advances to individuals or units are adjusted under "sub head (1) under Major head P—loans and advances by the Central Government". Advances not bearing interest, e. g. Advances for the purchase of officers' mess equipment are also adjusted under Major Head P—Loans and advances by the Central Government but under sub head(2) Minor Head (Regimental and other Loans Defence) thereof. The detailed rules regarding Debt Head advances are contained in Defence Account Code.

107. All debt head advances will be noted in the appropriate registers for watching recovery. If an individual or unit to whom such an advance is granted is transferred to the payment of another Controller, a debit will be raised in the Defence exchange account for the unrecovered advance. Full conditions and particulars of the advance will be stated both in the Last Pay Certificate and the Exchange Accounts.

108. In the case of advances debited through Defence Exchange Account, the Audit Officer receiving the account will adjust the amounts in his account for the month in which the advances were made, if that account is open, otherwise in the account for the month then open, debiting the amount to the appropriate head concerned by credit to the defence exchange account. He will also note the advance in the demand registers etc; or I.R.L.A as the case may require.

**Note :** Advances of pay outstanding against the individual at the time of his death will be dealt with in accordance with the rules governing the pay and allowances of the individual concerned.

109. Where the advance or any portion of it cannot be recovered because of the transfer of the individual concerned to an appointment under the State Govt. the amount of advance outstanding against him is retained in the books of Defence Accounts Department. The balance of advance will, however, be communicated to the civil accounts officer concerned (through the last pay certificate) and he will be requested to pass on the credits on accounts of recoveries effected to the Def. Accounts Department through the settlement accounts in respect of P & T, Railways and Department of Supply in the Ministry of Supplies and Rehabilitation and by payment by cheque or draft in respect of those serving with or from the Departments/Officers of other Central Ministries and the Departments/offices of State Governments and Centrally Controlled Union Territories.

110. The same procedure is to be followed in the case of an individual transferred from State Govt. to Defence with an outstanding balance of advance granted to him. The amount recovered by C.D.A. will be passed on to the State Govt. department through the settlement accounts in respect of P&T, Railways and Department of Supply in the Ministry of Supplies and Rehabilitation and by payment by cheque or draft in respect of those serving with or from the Departments/offices of other Central Ministries and the Departments/offices of the State Govt. and Centrally Controlled Union Territories.

111. Blank.

112. Blank.

**Advances to service personnel by Indian representatives abroad payment & recovery of**

**(i) In the United Kingdom**

**113. (a) Service personnel attached to or serving on the staff of the High Commissioner for India in U. K :**

- (i) The pay accounts of such officers and men are maintained by High Commissioner. All payments made to such individuals other than those which are compilable to Debt Heads, are compiled by the High Commissioner finally under the pay heads in his monthly account of disbursements on behalf of the Government of India. The expenditure is brought to account in the Indian books by the C.D.A. Central command Meerut in the manner laid down in para 137 Defence Account Code. The advances of pay are treated in the same manner.
- (ii) The advances on account of purchase of motor cars and other debt head advances are debited to India through Inward London Account Current of Defence Services and the monetary settlement of these transactions is got effected centrally by the C.D.A. C.C. Meerut with the D.A.G. Maharashtra. Transactions pertaining to other Controllers are passed on by the C.D.A. C.C. Meerut to the C.D.A. concerned through Defence exchange account for compilation to the appropriate debt Heads. The recoveries effected are similarly passed to India for final adjustment by the Controllers concerned.
- (iii) Any portion of advances, whether of pay or of those pertaining to Debt Heads of accounts, remaining outstanding against the individuals on their transfer to India will be noted on the last pay certificates. The amounts will be converted at the official rate of exchange and noted in the appropriate registers/ I.R.L.As. The recoveries, as and when effected in authorised instalments, will be compiled to the appropriate heads of account.

**(b) Service officers and men proceeding to the U.K. on courses of instruction and temporary duty—**The pay accounts of such individuals continue to be

maintained in India. The payments made to them by the High Commissioner are accounted for by him as in (a) (i), (ii) above. In order to enable necessary action being taken in respect of pay and allowances which have to be adjusted in I.R.L.As. maintained in India, the High Commissioner will send copies of the acquittance rolls to the C.D.A. (officers)/(Other Ranks), the Naval Pay Office and A.F. Central Accounts Office as and when the advances are made. Copies of intimations regarding payment of advances to Indian Navy and Air Force Officers and men will also be sent by the High Commissioner to the C.D.A. (Navy) and C.D.A. (Air force). These Controllers will ensure in audit that all payments required to be actioned in I.R.L.As. are duly adjusted therein. The recoveries will be compiled to the appropriate heads of account.

**(ii) In countries other than the United Kingdom—**

114. (a) The pay accounts of Service officers serving in countries other than the United Kingdom continue to be maintained in India. The advance made to them by the Indian High Commissioners/ Ambassadors are adjusted by the latter in their accounts with Controller General of Accounts who passes on debits to the C.D.A. concerned. In all other respects, the procedure in para 113(b) will generally be followed.

(b) After advances paid outside India have been taken over by Controllers on their books, they will be dealt with, in all respects, in the same manner as the advance paid in India.

115. The I.R.L.As. of J.C.Os/ORs etc, will continue to be maintained by the P.A.O. but nominally. On their posting to the staff of the Military Attache/ Advisors abroad other than United Kingdom, pay slips will be issued by the P.A.Os to the Embassy/ High Commission. The monthly debits for the payments made by the Embassies/High Commissions to the Military personnel on the authority of pay slips are received by the C.D.A. (ORS) through Controller General of Accounts duly supported by the original salary bills of the individuals. The debits will be centrally adjusted by charging the amounts to the relevant Service heads. The particulars contained in the salary bills will be communicated to the P.A.Os. for audit and incorporation of the details in the nominal accounts of the personnel maintained in the P.A.Os. As regards air men and sailors, see chapter 15 and 16 respectively.

116. Blank.

117. Blank.

**Recoveries of Income Tax**

118. Recoveries of income tax are made with reference to act 43 of 1961 and orders issued by the Government of India from time to time. For a synopsis of such orders see Income Tax Rules 1962 published by the Central Board of Revenue, Govt. of India, New Delhi.

119. In determining the rate at which income tax is to be levied, it is necessary to ascertain an individual's total income from salary upto date. The rate at which the tax has been deducted, is probably total income from salary upto the end of the financial year and the rate of tax appropriate to such total income. When an individual reverts from a higher rate of salary to a lower rate or where on account of absence on leave ex India the rate of tax applicable to the total salary likely to be drawn in India during the whole year is lower than would have been the case had the salary been drawn in India through out the year, the tax should be deducted at the rate appropriate to the probable total annual income in India having regard to the total drawn upto date and the rate at which salary is likely to be drawn for the rest of the year. Any excess deduction in previous months due to the fall in rate should be adjusted in the first pay bill in which tax is deducted at the lowest rate, provided this is done in the same financial year. Similarly, if an individual is promoted to a higher salary and the result is that the rate appropriate to his probable total income is increased not only will tax at the higher rate be deducted in subsequent pay bills but any deficiency in previous deductions due to the rise in rate will also be made good in the first pay bill drawn after his promotion. Any necessary final adjustments may be made in the last month of the financial year. No cash refund of income tax excess recovered during any year, can however be made by the Defence Accounts Department without the authority of the income tax officer concerned.

120. An annual statement showing figures on account of income tax and super tax compiled in Defence Services Accounts to end of March (Final) will be rendered by the JT. C.D.A (Funds) Meerut to the Central Board of Revenue before the close of July. Any further figures relating to belated adjustments made after the close of the account for March (Final) will be intimated separately.

121. An annual statement, showing the names and addresses as known of individuals under the audit control of a Controller of Defence Accounts, the

salaries, etc. drawn by them during the year, the amount of income tax and super tax recovered from them should also be rendered to the income tax authority concerned, as well as the assessee, within thirty days from the 31st day of March each year.

122. A statement showing the details of payments made to the contractors and other non officials will be sent quarterly by Controllers to the Commissioner of Income Tax concerned as notified from time to time in the proforma prescribed for the purpose with a view to enable him to be in possession of information regarding the amounts received by the contractor and other non officials.

123. A list of disbursing officers with their designations and stations where their offices are located under the audit jurisdiction of the Controller of Defence Accounts should be sent to the commissioner of Income Tax concerned with advice to Government of India, Ministry of Defence and Ministry of Finance (Revenue Division). Changes in the first list should be rendered to all concerned at the end of June every year.

124. When deductions of income tax from salaries is made at source, an annual consolidated receipt will be issued to the person from whose salary income tax is deducted at source.

125. When officers are transferred from one audit circle to another, the total salary drawn up to date in that financial year and the total amount of income tax deducted thereon should be noted in the last pay certificate, which should be accompanied by detailed statement of the recoveries made monthly and the rebates allowed.

126. Rebates of income tax will be allowed on Life Insurance premia paid and contributions made to any Provident Fund to which the Provident Fund Act 1925 applies, with reference to the orders issued from time to time, in the authority of declaration rendered annually by the individual (assessee) concerned, and original premium receipts issued by the companies will not ordinarily be looked for in audit. While finally assessing the income tax, the income tax officer will call for the premium receipts, if considered necessary, from the officers direct. Similarly standard deduction as prescribed from time to time at source while calculating income tax payable.

127. Blank.

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### Recoveries of value of horses purchased by high officials

129. Recoveries of the value of horses purchased by the President, Governors of States, Chief of the Army Staff and other officials referred to in para 958 Regulations, for the Army Revised edition 1962 will be effected by means of valuation statements at the sale price given in clause (d) thereof. In the case of horses supplied to the President's stable, a statement showing the value of the horses together with the rolls received from the reamount depots will be sent to the Military Secretary to the President at the end of each calendar year and on acceptance of the figures by him, a Military receivable order will be sent to him to pay the amount into the treasury. In the case of other officials similar statements and receivable orders will be sent to them direct.

### 130. Blank.

### Contributions towards leave allowances and pensions of officers and others lent to foreign service and passage contributions of such officers

131. A register in IAF (CDA) 164 of officers and others who have been lent to Foreign service from the audit area of a Controller of Defence Accounts should be maintained by him, to enable a check to be exercised over the recovery of contributions. This register will be posted on receipt of the orders of competent authority sanctioning the transfer and the entries will be examined as to their correctness and initialled by the Gazetted Officer in Charge. A certificate of the date of making over charge and of receiving charge of the new appointment (and in the case of Government servant for whom service books are maintained, the service books) should be called for, necessary notes in respect of the order sanctioning the transfer, the effect of transfer in regard to leave admissible during the foreign service and any other particulars that may be considered necessary will be made in the service books under the signature of a Gazetted Officer, and the service book returned. On receipt of the certificates the fact should be noted in the register. All orders subsequently received regarding such officers etc on foreign service should be recorded in the register, as well as orders issued by the CDA for recovery of interest or of contributions in arrears, also the cause of the contributions ceasing to be realised owing to retransfer, death, dismissal or any other cause. In cases of retransfer to Govt. Service the fact will be recorded in the service book which should be called for where service books are maintained, and the service books, returned to the office to which the individual has been posted.

132. The following procedure will be observed for the settlement of claims on accounts of leave and pension contribution in respect of Defence Services Officers and others lent to foreign service. In such cases the Controllers will make standing arrangements with the foreign employers to ensure the payments on due dates, of the correct amount of contributions monthly in each case, without the submission to them by Controllers of monthly or periodical claims. Under this arrangements, the primary responsibility for communicating to the foreign employers concerned the correct rates of contribution payable by them monthly and for intimating to them the periodical changes in such rates will rest entirely with the Controller responsible for watching and auditing the recoveries. The Controllers will also enter in the register in IAF (CDA) 164, the period for which each standing arrangement with the foreign employer is intended to last and rate which will be operative during that period, and check the credit received monthly with reference to the amounts due, as shown in the register. These credits will be noted in the register which will be inspected every month by the section officer (A)/AAO.

- (i) Foreign Service in India.—The first intimation for or the periodical changes in contribution towards leave and pension will be sent by C.D.A. Concerned direct to the employer concerned requesting him to remit the amount due on these accounts either by cheques or demand drafts which would invariably be crossed. The amount due on account of leave and pension contribution should not, on any account, be credited in cash in the nearest treasury. On receipt of the cheque or demand draft, the C.D.A. Concerned will take necessary action to realise the amount and credit the same to government accounts.

**Note :** In all cases of transfer to foreign service in which the liability for making contributions on pension/contributory provident fund and leave salary rests on the transferee, it shall be necessary to secure a letter from the transferee addressed to the foreign employer to pay the Government of India, from his salary a specific monthly sum which would be based on foreign service contributions, which the employee himself has to pay. The issue of such a letter would enable the foreign employer to lawfully effect the necessary deductions from the Government servant's salary and remit to the Government of India, as provided for above.

(ii) Foreign service out of India except in the U.K. The first statement of or the periodical changes in contributions will be sent by the C.D.A. Concerned direct to the foreign employer. In case the foreign employer has an account with the Controller General of Accounts he will be requested (1) to afford credits for the amounts due in his accounts with the Controller General of Accounts (2) to specify in his accounts the particular C.D.A., in whose books the credits will be adjustable and (3) to state the month's accounts with the Controller General of Accounts in which the credits will appear. The credits appearing in the foreign Govt's accounts will be passed on by the C.G.A. to the C.D.A. Concerned and the latter will watch the concerned credits on receipt of information called for by him at (3) above. In case the foreign employer has no account with the C.G.A. The C.D.A. Concerned will, while sending statement of contributions to him, request him to pay the amounts into the nearest treasury which renders an account to the C.G.A. and state the name of the treasury and the month in which the amounts have been or will be paid into that treasury. If this method is not possible, the foreign employer will be asked to arrange for credits for the amounts being passed to India through the Indian Embassies/High Commissioners abroad or to remit the amounts by means of bank drafts, whichever is suitable.

**Note 1:** Transactions with the Government of ADEN are settled through the A.G. Maharashtra, Bombay, See para 156, Defence Accounts Code.

**Note 2:** Transactions in respect of Australian Govt. will be settled centrally by the C.D.A. Central Command by actual recovery from the High Commissioner for Australia in India. See para 157 Defence Account Code.

(iii) Foreign Service with the U.K. Government, Statements for pension contributions recoverable from the U.K. Govt. In respect of all officers and men lent to that Government will be prepared in return 1842 in IAFZ-2000 and rendered by Controllers to the C.D.A. Central Command annually for recovering the amounts through the High Commissioner for India. Statement for leave salary and passage contribution recoverable from the U.K. Govt. will also be rendered by Controllers to the C.D.A. Central Command annually for similar action.

(iv) The Controller of Defence Accounts is responsible for seeing that all contribution due, as shown in the register, in IAF (CDA) 164, are paid on due dates and that officers and others in foreign service are given prompt intimation when their contributions fall into arrears and that they are informed of the penalties to which they become liable owing to non-payment. The Controller will note in the register the date by which the credits for contributions in each case are normally expected in his office from the foreign employers.

(v) Interest will be charged on all overdue pension and leave contributions in accordance with Supplementary Rule 307 as amended vide C.S. No. 921. When credit for leave and pension contributions is adjusted through the exchange/settlement accounts, the date from which interest on belated payments is chargeable should be determined as follows:—

It will be assumed that payment has been made on the due dates if the credit due for a month (say for the Month of January) is afforded through the exchange account/settlement account for the third month (i.e. March), if not, interest will be charged against the borrowing Government from the 16th of the third month (i.e. from the 16th March in the above instance) to the end of the month preceding that in which the credit is actually received.

(vi) If a Government servant is transferred to foreign service out of India, the audit officer concerned will be responsible for obtaining from him, at the time of transfer, a declaration showing that he has read and understood the rules which are to regulate his leave.

#### The liability of leave salary of officers and others on deputation to another Government or Department of the Central Government

133. The liability for leave salary will be borne in full by the department from which the Govt. Servant proceeds on leave, whether it be his parent department or a borrowing department with whom he is on deputation. In the case of Govt. Servants who avail of leave on termination of their deputation period, the liability for leave salary will be borne by the department which sanctions the leave.

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**Recoveries for stores issued on payment and for services rendered.**

136. The rules regarding the recoveries for stores issued on payment and services rendered are contained in 'Store Accounting Instructions'.

**Recoveries of Hospital stoppages**

137. The rules regarding the recoveries of hospital stoppages are laid down in Financial Regulation, Part-II.

**Recoveries of Licence Fees**

138. The rules for the recoveries of licence fee, furniture, electricity, water, conservancy, etc. are contained in "Regulations for the MES" and in "Quarters and Rents" read with "Rules for Supply of Water and Electricity".

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## CHAPTER 5

### PAY ACCOUNTS OF ARMY OFFICERS

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#### Maintenance of IRLAs

141. The Pay accounts of Army Officers serving with Army units and formations and the pay accounts of all Civilian Gazetted Officers serving with Army units and formations located in field areas are maintained centrally by the C.D.A. (O) on the I.R.L.A. system. An I.R.L.A. is opened for each officer coming into payment of the C.D.A. (O) and exhibits a complete record of credits and debits relating to his accounts.

142. All events in the service of an officer affecting his promotion, pay and allowances etc. are notified to CDA (O) by the administrative authorities concerned through the following:

- (1) Daily Part II Orders published by the O.C. of the unit/formation on the strength of which the concerned officer is borne
- (2) Gazette notifications.

The detailed procedure for drawing the pay and allowances of officers in I.R.L.As on the basis of the data furnished in the above mentioned documents is described in the Office Manual Part IX (Controller of Defence Accounts (Officers)). Broadly speaking, the procedure is as stated in the succeeding paragraphs.

143. The I.R.L.As are maintained by 'Ledger Wing' of the office of the C.D.A. (Officers). Ledger Wing is divided into Ledger Wing I and Ledger Wing II. The accounts proper are maintained by Ledger Wing II, While Ledger Wing I maintains skeleton I.R.L.As of officers paid by Ledger Wing II. Ledger Wing I is responsible for fixing the entitlements of officers with reference to the events in their career affecting pay and allowances and intimating these by means of authorisation slips C.D.A.(O) F 243 to Ledger Wing II for credit in the I.R.L.As.

144. All Part II Orders will be adjusted without any delay. Before adjusting a Part II Order it will be seen:

- (a) in the case of acting promotions
  - (i) that the officer's rank, name and appointment tally with those shown in the relevant IRLA maintained.
  - (ii) that the appointment is provided for in the authorised establishment and
  - (iii) that the promotions, where made, are in accordance with the promotion rules;

(b) in the case of leave

that the title to leave as appearing in Part II Orders notifying the grant of leave is audited in full.

The changes in entitlements to pay and allowances with reference to the data, furnished in these orders will be authorised on 'Authorisation slips' CDA(O) F 243. The authorisation slips will be duly embossed with the 'Payment Authority' seal.

**Note:** Gazette notifications will be dealt with in the same way as Part II Orders so far as promotion is concerned. Substantive promotion is not to be notified in Part II Order. The CDA(O) may at his discretion, act upon any communications if he considers that otherwise over payment is likely to occur. See also note under Rule 104 FR Part II 1968.

145. Personal allowances, etc, for which claims are required to be preferred by the officers to the C.D.A. (Officers) will, excepting travelling allowance, also be credited in the I.R.L.As after audit. The recoveries from pay and allowances required to be effected by the C.D.A. (Officers) e.g. Income Tax, Surcharge, DSOP fund subscription, P.L.I., AGIF, CGFIS, TAGIF, HBA/interest, MC advances/interest, advance of pay drawn on IAFA 1034 etc, will be debited in the IRLAs. The ledger accounts will be closed monthly. Concurrently with the closing of

IR.L.As, the salary bills (IAF (CDA) 653) and statement of accounts (IAFF 1015 revised) will be prepared, giving particulars of each item appearing on the debit and credit sides of IR.L.As.

146. A copy of the statement of accounts, will be supplied to each officer and the excess credits over debits shown on the salary bill remitted to his bankers as nominated by him. If for any reasons an officer's IR.L.A. closes with a debit balance, no further remittance will be made till the Debtor Balance has been liquidated by credits accruing in the accounts of the subsequent months, except where the liquidation of Debtor Balance is authorised under rules to be either deferred or effected in instalments.

**Note:** When deliberate overdrawals of advances of officers on IAFF 1034 in the field or in other areas where such advances are admissible come to the notice of the C.D.A. (Officers) action will be taken immediately with administrative authorities for restricting further draws of advances by the officers concern 1.

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#### Audit of IR.L.As

149. The IR.L.As of Army Officers maintained by the C.D.A. (Officers) are subject to an internal post audit to the extent of 10 percent check on a quarterly basis in respect of

- (i) Entitlement and
- (ii) Disbursements as mentioned in the succeeding paragraphs.

In addition, a review of certain selected items of pay and allowances in issue or a check of the application in actual practice of any selected Government Order etc. will be conducted as and when directed by the C.D.A. (O) and a special audit report showing the results of review will be submitted to him. The intention of such a review is to detect any errors which may have remained unnoticed.

150. Entitlement audit will be conducted solely with reference to Authorisation Slips issued including those issued for separation allowance/special ad hoc allowance by and recorded in Ledger Wing I. The entries therein will be audited with reference to current Rules on the subject and the connected Peace Establishments/War Establishments, nominal rolls and Part II Orders. It will be verified that the necessary entries made in the IR.L.As maintained by Ledger Wing II are as notified in the Authorisation Slips and that they have been duly attested by the Accounts Officer in Charge. It will also be verified, that the Authorisation Slips are duly en faced with the

payment authority seal and that the rates of pay and allowances entered therein are expressed in words also.

151. The following items in IR.L.As maintained by Ledger Wing II will be audited:

- (a) The arithmetical calculations in IR.L.As resulting from Authorisation Slips issued by Ledger Wing I and all the credit entries in the IR.L.A. irrespective of the nature, and amount of credit.
- (b) Recovery of advances drawn from the High Commission of India in the United Kingdom through the medium of a register maintained centrally by Ledger Wing II.
- (c) Recovery of licence fee bills, hospital stoppage rolls, work orders etc, through the medium of lists prepared by the Demand Section.
- (d) Miscellaneous Disbursement Vouchers.

**Note:** The remittances reflected in the paid vouchers at item (d) above will be linked into the IR.L.As to the extent of 10%. The selection of vouchers for this purpose will be made with reference to the voucher numbers allotted in the D.P. Sheets.

- (e) Payment/recovery of authorisation demands issued by "T" wing with reference to the original T.A. Bills etc.

**Note:** Ten percent of the cases where pay adjustment has been done in the non effective IR.L.As by Archive Section is also carried out.

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#### Scale Audit

154. The scale audit is conducted to see that the effective (paid) strength of Army Officers in a unit/formation as shown in the nominal roll is within the number authorised in the relative peace/war/interim establishment, and that the number of officer paid in different ranks in each unit agrees with the number shown in the nominal roll. It may be conducted on the basis of the total number of officers in the ranks of 2nd Lieutenant to Major (Lt Col. in the case of AMC) in each unit/formation without regard to the actual ranks authorised in the unit's establishments. This will not however, affect the normal audit of acting promotions where the existence, of a vacancy in the unit in the rank concerned will be the criterion.

**Note:** The scale check of units/formations where the appointments are generally military but certain of which are classified as tenable either by military officers of a certain rank or civilian Gazetted Officers of a corresponding status will also be done by the C.D.A.(O). To facilitate this check the Regional Cs.D.A. will render monthly numerical returns of C.G.Os appointed against vacancies tenable by military officers or C.G.Os, in the prescribed proforma.

155. The detailed procedure for conducting scale audit is required to be carried out as described in para 166 of the O.M. Part IX (Controller of Defence Accounts (Officers)).

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#### Leave Procedure

157. The instructions regarding the leave procedure are given in Appendix 2 to this code.

#### Record of Service

158. Information regarding pension service of officers (including officers of Nursing services) eligible for pension under the Army Regulations is available from the gradation pages of the Army List, wherever, the publication indicates that the entries therein have been audited for purposes of assessment of pension. Records of service will however, be maintained by the C.D.A. (Officers) for such officers on IAF (CDA) 313 in accordance with the instructions contained in Appendix 1 to this code. Any additions or corrections affecting pension service, including cases of overstay of leave involving forfeiture of service, should be reported promptly to the Controller General of Defence Accounts by the C.D.A. (Officers).

#### Audit of Armed Forces List

159. The Audit of Armed Forces List is conducted in the office of the CDA(O). The CDA(O) is also responsible for the audit of draft Gazette Notification relating to appointments, substantive promotions, relinquishments etc, of Army Officers (including

officers of the Nursing Services, Territorial Army and National Cadet Corps), as also cases regarding assessment of previous pensionable service of Army Officers.

160. Blank.

#### Pay Accounts of Indian Army Officers serving ex-India

161. The pay accounts of Officers attached to or serving on the establishment of the High Commissioner for India in the U K are maintained by the High Commissioner and last pay certificated in respect of such Officers will be issued by the C.D.A. (Officers).

162. In respect of officers attached to or serving on the establishment of Indian Embassies, High Commissioners etc, abroad other than in the U.K. 'Nominal' I.R.L.As, are maintained by the C.D.A. (Officers). The pay and allowances due to those Officers are paid by the respective Embassies, High Commissioner etc, with reference to the 'Pay Slips' CDA (O) F 247 issued by the C.D.A. (Officers). The original salary bills received in support of the debits through the Controller of Accounts, Ministry of External Affairs will be checked with reference to the entitlements and items of disbursements recorded in the 'Nominal' I.R.L.As.

163. The pay accounts of Officers proceeding abroad on courses of instructions, study leave and temporary duty are maintained by the C.D.A.(O).

164. The detailed procedure regarding the maintenance of I.R.L.As of Indian Army Officers abroad and the method of payment of their pay and allowances is contained in the Office Manual Part IX Controller of Defence Accounts (Officers).

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अध्याय 6 पैरा 169 (i)  
CHAPTER VI PARA 169(i)

“अभिप्रमाणित” शब्द के बाद “जहां वे हाथों से लिख जाते हैं” शब्द समूह शामिल किया जाए,

ADD THE WORDS “WHERE THEY ARE  
MANUALLY MAINTAINED” AFTER THE  
WORD “AUTHENTICATED”

(प्राधिकार : रक्षा लेखा महानियंत्रक, नई दिल्ली का दिनांक 25  
मार्च, 97 का पत्र संख्या ए. टी./1/3510-vii)

(AUTHY : CGDA New Delhi Letter No. AT/1/  
3510-VII DATED 25 MAR 97)

अध्याय 6 पैरा 171 पंक्ति दो और पांच तथा सात और आठ पैरा 172 पंक्ति दो और तीन

CHAPTER 6 PARA 171 LINE—FOUR/FIVE AND EIGHT/  
NINE AND PARA 172 LINE—THREE

: रक्षा लेखा नियंत्रक (अन्य रैंक) उत्तर मेरठ के स्थान पर  
FOR : C.D.A. (ORs) NORTH MEERUT

: रक्षा लेखा नियंत्रक, लखनऊ पढ़िए  
READ : C.D.A. LUCKNOW

## CHAPTER 6

### PAY ACCOUNTS OF JUNIOR COMMISSIONED OFFICERS, OTHER RANKS AND NON COMBATANTS (ENROLLED)

|  |          |
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#### Maintenance of IRLAs

168. The Pay accounts of Junior Commissioned Officers, Other Ranks and Non Combatants (enrolled) and Non Gazetted Civilians in operational area are maintained on IRLA system by the Pay Accounts Officers attached to Regimental or Corps Centres. A concurrent review of all I.R.L.As and connected documents e.g. Acquittance Rolls, Family allotment Money Orders etc, is conducted by the review group of the P.A.O. to the extent shown in the Annexure to this Chapter.

#### Special Points to be seen in conducting review of I.R.L.As

169. The following special points should be seen in conducting the review of I.R.L.As :

- (1) The authority for the opening of I.R.L.As is quoted therein and I.R.L.As. (including continuation sheets) are duly authenticated.
- (2) Income tax is regularly recovered when the taxable income exceeds the minimum limit prescribed from time to time.
- (3) Family allotment is issued only in the case of personnel authorised to do so and it is restricted or stopped, as the case may be, in the case of personnel heavily in debt.
- (4) Advances of pay are regularly being debited and they are within the limits of respective entitlements. If there is any appreciable time lag since the last advance debited, the matter is promptly investigated so as to ensure that the individual is really effective and has not drawn advances other than those already debited. If heavy advances, not authorised by rules are drawn, the matter has been promptly taken up with the paying officer with a view to restricting future advances or with higher authorities in case the paying officer fails to respond promptly. If leave advances are drawn, they are limited to the extent authorised and shown separately.

(5) Statements of accounts are issued regularly.

(6) Recoveries of subscriptions to Armed Forces Personnel Provident Fund and Postal Life Insurance Premia are effected at the correct rates and agree with the schedules. Such recoveries are not effected from men whose accounts exhibit heavy debtor balances.

(7) The pay slips in respect of J.C.O./ORS etc. on the staff of military attaches to Indian Embassies Abroad are preaudited in full before transmission to the authorities abroad.

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#### Scale audit of civilians employed in lieu of combatants in A.M.C.

171. When civilians are employed in lieu of combatants, the scale audit will be done by the C.D.A. *Lucknow* (ORS) North Meerut. For this purpose, paying Controllers will submit returns to the CDA (ORs) North Meerut, quarterly, for the quarters ending 31st March, 30th June, 30th September and 31st December showing particulars of the individuals employed in lieu of combatants in AMC establishments. CDA (ORs) North Meerut, will also ensure that the number of Civilian Dental Hygenists employed in lieu of combatants is within the authorised limits.

172. As Combatants Sanitary Assistants can be posted against Civilian Sanitary Assistants/Inspectors, C.D.A. (ORs) North, Meerut, will submit quarterly returns to the C.D.A. Concerned showing the number of Combatants Sanitary Assistants paid by him during the quarters ending 31st Mar, 30th June, 30th Sep and 31st December, indicating the name of the unit/formation to which the individuals are attached; to ensure that the total strength of Sanitary Assistants Sanctioned for the unit/formation is not exceeded.

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## ANNEXURE TO CHAPTER 6

(Referred to in para 168)

Extent of review of IRLAS (IAFF-1019) of J.C.Os ORS and NCs(E) and Non-Gazetted civilians in operational area and other connected documents.

Note: The review of I.R.L.As will in general be carried out to the extent prescribed below:—

The restriction of review will be dependent on the fact that the I.R.L.As maintained in the ledger groups have been kept reasonably well in the past and have been free from serious or numerous defects. If the review of certain items indicates numerous irregularities and deviations from the prescribed procedure, the head of the P.A.O. should extend the scope of the review using his judgement and discretion as to how best this should be done and to what extent, reporting the facts in all such cases specifically to his superior authorities.

1. I.R.L.As . . . . . 25% of the total number of I.R.L.As binders will be subjected to a general scrutiny in a quarter and thus all IRLAS will be reviewed every quarter or alternate quarter.

Note: I.R.L.As, transferred out to other P.A.Os should (if not already done) be taken up for review irrespective of whether or not they fall in the 'lot' programmed for review in the quarter.

2. Audit cage I.R.L.As Will be subjected to a general scrutiny to see that:  
(i) all changes have been checked by the ledger superintendent and his initials exist in token thereof.  
(ii) rates of pay shown are correct; and  
(iii) corresponding adjustments exist in the accounting cage;
3. Part II Orders . . . . . (a) Entitlement items 5%  
(b) Other items 2%
4. Advance of Acquittance Rolls . . . . . 1% of the total number of items of acquittance rolls received during the particular quarter selected for review.

5. Remittances on account of final settlement: Totals of M.O. lists and postings therefrom into I.R.L.As 2%.
6. Miscellaneous vouchers . . . . . (a) Miscellaneous credits of Rs. 50 and above 100%.  
(b) Other vouchers 2%.
7. A.F.P.P. fund . . . . . (a) 2% of all initial entries.  
(b) 2% of all changes.  
(c) 2% (subject to a minimum of two items) of cases where there is no recovery as observed during the check of summaries to ensure that such cases do not come under purview of A.I 4/s/60.

Note: This item of check will be conducted immediately after the closing of accounts so that any discrepancies may be got verified in succeeding quarter.

The check of these items will be conducted from the vouchers etc. into the I.R.L.As and not vice versa except in the case of item 6(a) where it will be checked from the I.R.L.A. into the vouchers.

8. P.L.I. recoveries . . . . . Initial recoveries and changes 2%.
9. Family allotment . . . . . (a) 5% of the entries in the list for the quarter.  
(b) 5% of the totals of MO 50 lists and the correctness of M.O. commissions appearing therein.  
(i) F.A.M.O. 50 lists  
(ii) Initial entries, } 100% discontinuance or changes in rates.
- The check will be conducted from the entries in the I.R.L.As into M.O. lists and not vice versa.

अध्याय 6 अध्याय 6 का उपाबन्ध  
CHAPTER 6

ANNEXURE TO CHAPTER 6

: क्रम संख्या 10 "प्राप्तियों और प्रभारों का सारांश और सार-को हटाकर  
DELETE SR. No. 10 "SUMMARIES AND ABSTRACT  
OF RECEIPTS AND CHARGES"

: वर्तमान क्रम संख्या 11 और 12 को क्रम संख्या 10 और 11  
के रूप में पुनर्संखित करें/शामिल करें

ADD : RE-NUMBER THE EXISTING SR. No. 11 & 12  
AS SR. No. 10 & 11.

- |  |   |   |
|--|---|---|
| <p>10. Summaries and abstract of receipts and charges—</p> <p>(i) Grand summary</p> <p>(ii) Abstract of receipts and charges</p> <p>(iii) Field deposits</p> | <p>Check of individual summaries with the grand summary 10%. The check will be conducted from the individual summaries.</p> <p>Check of grand summary with abstract of receipts and charges and other vouchers 100%. Abstract of receipts and charges into grand summary and vouchers and not vice versa.</p> <p>(a) 10% of the opening balances in the summary for the current quarter with the closing balances for the previous quarter.</p> <p>(b) 10% of the opening and closing balances in the summary for the current quarter with those in the I.R.L.As.</p> | <p>(c) Grand total of closing/opening balances in the summary 100%.</p> <p>(d) Terminal and initial balances in the transferor or and transferee. Summaries in respect of IRLAs, transferred within the P.A.O. in a quarter 10% of IRLAs so transferred.</p> <p>(e) Terminal balances in IRLAs transferred to or received from other PAOs 100%.</p> |
|  | <p>11. Advances PAOs</p> <p>12. Complaints</p>  | <p>Periodical reconciliations 100%.</p> <p>Complaints received in ledger groups 10%.</p>  |

## CHAPTER 7

### PAY AND ALLOWANCES OF CIVILIAN GOVERNMENT SERVANTS

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#### General Rules

181. The audit of pay, leave salary and other allowances admissible to the various classes of Government servants is mainly conducted with reference to the rules and regulations governing their conditions of service. These rules and regulations are referred to in this chapter as "service rules".

182. No person may be appointed in India to a post in Government service without the production of a medical certificate of health in such form and signed by such medical or other officers as may be prescribed by Government. When the service rules require the production of a medical certificate on appointment of a person to a post in Government Service. Audit must verify that a certificate to the effect that the requisite medical certificate in the prescribed form has been obtained in respect of the Government servant, is attached to the first pay bill of the person concerned submitted after such appointment. In the case of Gazetted Officers, the above certificate should be signed by the competent authority to whom the medical certificate has been submitted and in respect of Non Gazetted staff the same should be signed by the drawing and disbursing officer concerned. The Govt. may however, dispense with the production of the certificate in individual cases and may also by general order exempt any specified class of Government Servants from operation of this rule.

183. The essential points to be observed in the audit of pay bills beyond the test of formal completeness of the voucher are:

- (i) to check the title of the Government servant to the pay drawn by or for him, i.e. that it is claimed and is admissible in respect of a post to which he has been duly appointed, and of which he is actually incharge; and
- (ii) in the case of Government servants whose pay is drawn for them, to verify that they receive the remuneration to which they are entitled.

No claim can be admitted for service in a post not duly sanctioned, or for pay not assigned or provided for the post held.

184. As pay bills are ordinarily paid after pre audit any pay or allowances which may be inadmissible will be disallowed in audit and retrenched. In ordinary circumstances, therefore, it will not be necessary to watch recoveries of disallowances. In some cases, however, pay and allowances may be passed provisionally in audit, e.g. for want of last pay certificate or other causes. In such cases, the officer concerned will be informed of the possibility of retrenchment, and the amount involved will be entered in provisional payment register and its final adjustment watched.

अध्याय 7 पैरा 186 पंक्ति--छह  
CHAPTER 7 PARA 186 LINE--EIGHT

: "प्रतिमास रु. 110/" के स्थान पर  
FOR : "Rs. 110/-" PER MONTH.

"प्रतिमास रु. 3050/-" पढ़िए  
READ : "Rs. 3050/-" PER MONTH.

4

: प्रतिमास रु० 110-" के स्थान पर  
: "प्रतिमास रु० 3050/-" पढ़िए

185. Sometimes persons are employed on contracts which provide for special terms of service not consistent with the service rules which would be applicable to them but for the contract. Such contracts also provide that in respect of any matter for which no special provision has been made in the contract, the ordinary rules will apply. In such cases, a copy of the contract should be obtained and recorded in the audit office. Pay and allowances or leave will be regulated in accordance with the special terms of the contract or the ordinary rules, as the cases may require.

186. Pay bills of civilian Government servant are pre audited by the Controllers. Pay bills of Industrial personnel of Ordnance Depots, EME Workshops, Farms etc., are post audited by Local/Regional Audit Officers, except in the case of industrial personnel of Military Farms who are continuously employed and whose pay exceeds Rs. 3000/ per month. In their case, the pay bills are submitted to the Controller for pre-audit and payments.

187. On a transfer of charge between officers, the relieved officer should send to the audit office the required number of specimen signatures of the relieving officer. On receipt it will be seen that the signature of the relieved officer is correct. The signature of the relieving officer will be recorded in the personal file of the officer or other relevant file/register.

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#### Gazetted officers

##### Audit of pay bills

191. The pay bills of officers will be audited by comparison with the previous months' bills. In the case of charges which do not arise monthly the comparison should be made with reference to the last audited charges. All orders or particulars relevant to the audit of subsequent bills be noted in the current bill, and where these do not affect the next bill, will be carried forward until they are to be applied.

192. The pay and allowances claimed will be compared with those admitted in the last audited bill. It will be seen that variations are supported by the necessary authority and where required, by relevant certificates and vouchers, and they are in order. Entries in the remarks columns will be closely scrutinised and checked with reference to the supporting orders, certificates and other vouchers.

193. In the case of new names, the first claim to pay and allowances will be supported either by a last pay certificate or by a reference to or copy of the order appointing the officer. In the former case, the rates of pay and allowances and the date from which drawn will be checked from the details appearing in the last pay certificate. In the latter case, the rates etc. will be checked with reference to those authorised in the appointment order, contract agreement or regulations.

In the case of individuals newly appointed information regarding the number and date of gazette notification will be called for and recorded.

194. Besides testing the formal accuracy of vouchers, it will be the duty of the audit officer to see that:

- (a) the post for which pay is claimed has been duly sanctioned;
- (b) the officer is entitled to the rate of pay, leave salary or subsistence allowance claimed;
- (c) the allowance such as dearness/cost of living/house rent/conveyance/compensatory allowances have been claimed correctly and where necessary, are duly supported by the requisite certificates;
- (d) the recoveries on account of income tax, fund subscriptions licence fees and other demands have been correctly given in the bills (IAFA 35);
- (e) the payment made is prominently recorded in the last charge to avoid a second claim on the same account;
- (f) the period of duty, suspension or leave, is correctly recorded as a check on future claims to leave and pension.

In the case of an officer on leave it is necessary to see that leave has been granted by competent authority, that it has not been exceeded, and that the leave allowances claimed are covered by the rules governing the case.

Note: For the above purposes the following records are provided:—

- (i) Service Book.
- (ii) Leave account.

195. No pay and allowances will be paid to an officer beyond the date of attaining the age of superannuation unless his services have been extended by the Government of India. It will be ensured that final payment is made only after the clearance of all Government dues.

**Note :** In the case of an officer whose year or year and month, of birth is known but not the exact date, the 1st July or the 16th of the month respectively should be treated as the date of birth for the purpose of determining the date on which he should be held to have attained the age of superannuation.

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#### Service Books

199. Service records of all civilians Gazetted officers of Defence services shall be maintained in Form MSO (T). 27 (service books) by the Head of offices/formations i.e., the lower formations of all the three services with effect from 1-6-81. Service records of all group 'A' and 'B' civilian officers of MES shall be maintained centrally by the Central Record Office (Officers) Delhi under the supervision and administrative control of E-IN-C branch, Army Headquarters, New Delhi from February 89.

200. The service books is intended to include all important facts in the official career of an officer including officiating appointments. Officiating appointments should be distinguished from substantive appointments. Leave of all kinds, absence without leave or in excess of leave or of joining time should be noted across the pages, and if any period be allowed to count as service, which is not ordinarily allowed by the rules, or if any special privilege or disability affecting pay, pension or leave, attaches to the officer, the fact should be similarly noted with quotation of the Government order.

**Note 1 :** The date of birth should be recorded at the heading in every case.

**Note 2 :** Entries relating to punitive action taken in regard to an officer should not be made without special orders of Government. If an audit officer considers any such entry to be indispensable for audit purposes, he should refer the question to the Government of India through the C.G.D.A. who will decide what form the entry should take.

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#### Leave Account

204. The leave accounts of all Civilian Gazetted Officers will be maintained by the executive/administrative authorities with effect from 1-6-81.

#### Scale Audit

205. The scale audit of units/formations where the appointments are generally military but some of which are classified as tenable either by military officers of a certain rank or civilian Gazetted officers of a corresponding status, is done by the C.D.A. (Officers). To facilitate this check, the regional controllers will render monthly to the C.D.A. (Officers) statements showing, unit/formation/corps-wise, the number of civilian officers appointed against such vacancies. The statement will contain a reference to the peace establishment. The number of sanctioned posts tenable by military or civilian officers and the number of civilian officers actually paid against such posts. See also note below para 154.

**Note :** These monthly statements will also include civilian Nursing sisters (Non Gazetted status) employed in lieu of Nursing Officers of the M.N.S.

206. The scale audit check on the substantive cadre in the case of C.G.Os of the A.M.C. employed on an all India/corps basis under DGAFMS/DMS (Army) will be carried out by the C.D.A. C.C. Meerut on a half yearly basis. For this purpose the DGAFMS/DMS (Army) will intimate to the C.D.A. C.C. Meerut the existing permanent strength of C.G.Os serving under their control and their distribution. The Regional Controllers will render quarterly by the 10th of the second month following the quarter to the C.D.A. C.C. statements showing the paid strength of C.G.Os month wise and formation wise (the quarters being reckoned from January to March, April To June, July to September and October to December). The C.D.A. C.C. will then consolidate these statements including those of his own office and will conduct necessary check to ensure that the paid strength has not exceeded the authorised/sanctioned strength. In cases of excess over the authorised sanctioned strength, the C.D.A. C.C. will be responsible for getting such excess regularised in consultation with DGAFMS/DMS (Army).

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#### Non Gazetted Establishments

##### Preparation and disposal of pay bills

208. The detailed procedure for the preparation and disposal of the various copies of pay bills in respect of non-gazetted establishments is laid down in Office Manual Part II.

##### Audit of pay bills

209. The pay bills will be audited on the lines laid down in paras 191 to 194 above.

It will be seen that all acting and leave allowances are admissible under the regulations, that increments in time scales of pay, where drawn, have been earned by qualifying service and that the establishment for which pay has been drawn has been sanctioned by the competent financial authority.

Where grant of advance increments is sanctioned under special government letters, for instance, to Defence Civilian employees serving in a non gazetted technical/scientific grade on passing Telecommunication, Aeronautical Engineering course or on acquiring an Engineering Degree, such advance increments should be regulated in accordance with the special Govt. Orders issued for the purpose.

210. C.D.A.C.C. Meerut will be the Central Scale Audit Agency for carrying out the scale audit in respect of civilians of the AMC (serving under DGAFMS/DMS (Army) sanctioned on an all India/Corps basis). The scale audit will be done on a quarterly, basis, the quarters being January to March, April to June, July to September and October to December. For this purpose, the C.D.A.C.C. Meerut will receive from the authorities controlling the establishment on an all India/Corps basis, a monthly return of authorised strength relating to various categories. The correctness of the figures will be checked with reference to the orders sanctioning the establishment. The paying Controllers will also render a quarterly statement to the C.D.A.C.C. Meerut by the 10th of the second month following the quarter, which will show separately the paid strength month-wise under the various categories of the establishment sanctioned on an all India corps basis. On receipt of these statements from the paying controllers including that of his own office, the C.D.A.C.C. will consolidate the statements and will conduct the necessary check to ensure that the paid strength has not exceeded the authorised/sanctioned strength. In cases of excess over the authorised/sanctioned strength, the C.D.A.C.C. will be responsible for getting such excesses regularised in consultation with the controlling authorities at Army Hqrs viz DGAFMS/DMS (Army).

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#### Leave account

217. The instructions regarding leave procedure are contained in APPENDIX 2.

#### Compensatory allowances and honoraria

218. In auditing sanctions to the grant of any compensatory allowances, fees of honoraria to Government servants, the following general conditions shall be kept in view:—

- (1) unless in any case it be otherwise distinctly provided, the whole time of a Government servant is at the disposal of the Government which pays him, and he may be employed in any manner required by proper authority, without claim for additional remuneration, whether the services required of him are such as would ordinarily be remunerated from the revenues of the Central or State Government or from a local fund.
- (2) the authority granting or permitting a Government servant to receive any honorarium or fee is required to pay due regard to the principle enumerated in 1 above and also to record reasons justifying the grant of the extra remuneration to the Government servant concerned; and
- (3) the amount of a compensatory allowance is to be so regulated that the allowance is not on the whole a source of profit to the recipient.

219. The detailed rules regarding the grant of fees, honoraria, etc., to Government servants are given in Chapter XI Financial Regulations part I, vol. I. 1983 Edition.

220. Blank.

#### Recruitment to posts and services

221. (1) Audit Officers are not required to watch the observance of the provisions of the following nature relating to recruitment or appointment to posts or services, as these are the concern of the administrative authorities:

- (a) Rules relating to the representation of any particular community or any backward class of citizens;
- (b) Rules relating to the proportion to be observed in recruitment to posts and service between personnel promoted from subordinate ranks and those recruited direct; or
- (c) Rules relating to educational or other qualifications.

(2) When, however, an Audit Officer is of the opinion that in accordance with any rule or order a post is reserved for members of a particular service and an outsider is appointed, he will call for the sanction of the authority which is competent to remove the reservation. The fact that the pay of a post has been fixed on the assumption that it will be held by a member of a particular service tends to show that it was intended to reserve the post for that service but this by itself is not conclusive evidence.

**Note :** This check need not be applied in case of non Gazetted Government servants.

(3) Similarly, when the educational and other qualifications have a direct relationship to the rate of pay admissible, audit must satisfy itself of the possession of the necessary qualification before admitting the financial benefit attached thereto. In such cases, the verification will be made with reference to the certification of the fact by the administrative authorities concerned either in Part II Orders notifying appointment/promotion or otherwise.

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#### Advances for payment to industrial employees

223. Advances for payment to industrial employees employed in Ordnance Depots, etc, are paid on receipt of cash requisitions from the officer concerned based on an estimate of the probable amount required for payment during the month. The amounts so advanced will be noted in the demand register and their adjustment watched therefrom. These advances will be adjusted on receipt of Temporary Labour Bills (IAFA 40) from the officers concerned duly checked by the Local/Regional Audit Officers.

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#### Pay bills of civilian personnel of territorial army units

225. Pay bills of the civilian personnel of Territorial Army units will be audited in the same way as pay bills of the civilian establishment of Regular Army units.

226. In addition it will be seen that :

(i) The complement of different categories authorised as permanent staff is not exceeded except during periods of annual training/camp or embodiment when establishment may be employed upto the full strength authorised in the peace establishment of the regular army unit on which Territorial Army unit is raised.

(ii) Pay and allowances claimed for each category are according to the provisions of paras 168, 198 and 199 Regulations for Territorial Army 1948 (Reprint 1958) as amended from time to time.

227. In the case civilians employed in lieu of combatants and non combatants (enrolled) authorised in establishment it should be seen that :

(i) a certificate has been furnished by the Officer Commanding the Territorial Army unit that the personnel required cannot be supplied from recruited personnel.

(ii) their pay and allowances are claimed according to the rates admissible under Govt. Orders issued from time to time.

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CHAPTER 8

TRAVELLING ALLOWANCE AND OTHER CONVEYANCE CHARGES

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**Travelling allowance**

231. The term 'travelling allowance' as used in this chapter includes daily allowance.

232. Claims for travelling allowance for journeys by rail, road, river, sea or air must be submitted on the prescribed forms which are drawn up in such a way as to give all the information necessary to ensure proper check of the claims. Unless specifically provided otherwise in the regulations in respect of any particular class of personnel, the claims are required to be countersigned by Controlling Officers. The countersignature does not, however, dispense with the necessity for audit with reference to rates and general conditions. Ordinarily, the countersignature by the proper authority or the signature of the drawing officer when a bill does not require counter signature, should be accepted as final evidence that the facts of the journey on which the claim is based are correct, and that the controlling or the drawing officer, as the case may be, has exercised the scrutiny entrusted to him under the rules.

233. Detailed rules for the audit of road warrants are laid down in Chapter 10.

234. In conducting the audit of travelling allowance claims, the following points will be specially seen, in addition to the checks prescribed in Paras 47 and 62 :

- (1) That the claims have been submitted on the prescribed forms, in accordance with the instructions printed thereon, and are supported by all the necessary certificates as prescribed in the Regulations;

- (2) that the duty on which the journey was performed was such as to entitle the individual who performed it to travelling allowance under rules and that the sanction of the prescribed authority has been accorded where this is necessary;
- (3) that the journey was performed as expeditiously as possible and that no bill has been submitted for it before;
- (4) that the rates of railway, steamer or air fares charged agree with the tariffs of railway, steamship or air company concerned;
- (5) that the distances for which mileage has been claimed are correct, where these can be checked from data available in the audit office, as, for example, fare or time tables. Any cases of journeys by road or by river, the distance for which mileage is claimed, if not susceptible of check in the audit office, will be accepted on the responsibility of the countersigning officer, who is required to ensure that correct distances are charged for. In any cases of doubt as to the correctness of the distances for which the allowance has been drawn, the local M.E.S. authorities will be consulted;
- (6) that no allowances have been claimed which are not covered by regulations or orders;
- (7) that the claims are countersigned by Controlling Officers, where necessary;
- (8) that any advance of travelling allowance taken in respect of the particular journey for which the claim is preferred has been brought to account in the claim;

- (9) that in the case of witnesses attending a civil court any fees which may be deposited in the court for the travelling and subsistence allowance of the witnesses are credited to government;
- (10) that in the case of claims for daily allowance for halts at temporary duty station, necessary deductions are made in respect of State hospitality received and transport facilities enjoyed if any;
- (11) that in the case of claims for leave travel concession, the provisions of Government order issued on the subject are complied with.

235. All claims for travelling allowances in respect of journeys by rail, road, river, sea or air will be recorded in the demand cum audit register maintained for the purpose :

236. All advances of travelling allowance will be entered in a demand cum audit register maintained for the purpose. This register will be used to watch the submission and final settlement of adjustment bills required to be submitted in respect of these advances, or where in the case of transfers, the advances are notified to other Audit Officers for action towards final adjustment, to record details of the transfer of the advances and of their acknowledgement by those officers.

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#### Sea passage allowance claims

239. Claims for passage allowance and cost of conveyance of baggage in respect of voyages will be audited with reference to the rules in travel regulations and paid by the Controller who deals with the audit of the travelling allowance bills of the claimant.

#### Air passages within Indian limits

240. The travelling allowance claims for air journeys within Indian limits will be audited in accordance with the general procedure laid down in para 234 above. The following points should be seen in addition :

- (1) that the claim is supported by a copy of the sanction accorded by the authority competent to authorise air passage in the particular case, where necessary;
- (2) that a return ticket at a reduced rate, where available, has been purchased when the individual concerned expected to perform the return journey by air within the period during which a return ticket is available and that the mileage has been claimed accordingly :

241. Blank.

#### Air passages to/from outside Indian limits

242. All air passages ex India, unless otherwise specifically provided for in authorised regulations or other orders of Government, require the prior sanction of Government of India;

Claims relating to air passage of Army personnel/ Defence Civilians ex India are dealt with centrally by the C.D.A. (Hqrs) New Delhi. Similar claims relating to Navy and Air Force personnel are dealt with by the CsDA (NAVY) and (AIR FORCE) respectively.

243. In auditing air passage ex India claims, the following main points will be seen :

- (1) that a copy of the exchange order duly supported by a copy of Govt. Sanction has been received from Quarter Master General's Branch;
- (2) that the authority exists for air passage;
- (3) that the bills submitted by the air lines are supported by original copy of exchange order and that only standard air fares are charged;
- (4) that the authority exists for the conveyance of any excess baggage over and above the normal free allowance permitted by the air line;
- (5) that the original exchange order received with the air line's bill is paired with the duplicate exchange order received from Q.M.G's branch, and
- (6) that a journey completion certificate, is received direct from the Officer; in case excess baggage voucher issued to an individual for both the outward and return journeys is not fully utilised, the individual should obtain the difference voucher from the air lines and forward the same to Q.M.G. branch for obtaining necessary refund from the carrier.

244. When return air passages are sanctioned by Government, exchange orders are issued by the Q.M.G's branch at Army Headquarters on the authority of which payment is made to the air line concerned. The amount on this account should be noted in the demand register as a demand against the Officer concerned, which will be cleared on receipt of the journey completion certificate from the Officer.

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**Air freight within Indian limits**

246. All movements of stores by air within Indian limits (except those the urgent movement of which by air is essential on medical grounds or for operational reasons) require the prior sanction of the Government of India.

Cash payment in respect of air freight for Government stores is made to I.A.C., from the Imprest Account/Permanent Advance of the formation concerned in the first instance. The amounts paid will subsequently be claimed from the Regional C.D.A. in accordance with the provisions of rules 223 to 226 regulation for the unit allowances of the Army. The claims on the above account will be checked to see that they are supported by:

- (a) Government sanction, or in the case of stores despatched by air on medical grounds or for operational reasons, by a certificate in the prescribed form signed by an Officer not below the rank of Brigadier, as to the urgency for despatch by air; and
- (b) receipt obtained from the I.A.C. for the cash payment made.

Note: The air freight charged should be checked with the tariff of the air lines concerned.

**Air freight to/from outside Indian limits****I. Despatch of stores ex-India**

247. Despatch of stores ex-India requires the prior sanction of the Government of India.

248. Claims submitted by the air lines concerned on account of air freight in respect of army stores despatched ex-India are dealt with centrally by the CDA (HQRS) New Delhi, and audited by him. Generally on the lines indicated in para 243 above. Similar claims in respect of Navy and Air force are dealt with by the Cs.D.A. (Navy) and (Air force) respectively.

**II. Imported stores**

249. Transportation of stores from abroad to India by air requires special sanction of the Government of India and the stores are received at Bombay/Calcutta/Madras on 'freight collect basis'.

250. Payment of bills for freight charges is made by the Embarkation Commandants Bombay, Calcutta and Madras from the Permanent advance/Imprest after verifying that the charges claimed are in accordance with the prescribed rates. The reimbursement of the charges towards permanent advance/Imprest is subsequently obtained from the Cs.D.A.

concerned. Full details, such as the name and address of the consignee, Audit Officer of the consignee and the no. and date of the Government of India letter authorising airlift etc., are also intimated to the Cs.D.A. concerned to enable him to raise necessary debit.

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**Railway warrants, credit notes and concession vouchers**

253. In auditing railway warrants (including passage orders), credit notes and concession vouchers, the following special points should be seen in addition to the general rule for audit of expenditure vide paras 47 and 62:

**I. General**

- (1) that vouchers are completed in every respect, specially all items in col. 5 of I.A.Fs. T-1707 and T. 1707a and all the columns in IAF-T-1711 are correctly filled in;
- (2) that they are duly signed by the officer who is authorised to issue the same and not by any of his subordinates;
- (3) that the sanction of the competent financial authority is always furnished to regularise the extra freight charges for stores sent by passenger train instead of by goods train, and for the difference between the longer and shorter routes and also between the mail and passenger fares unless specially provided;
- (4) that the additional charges in lieu of hire are not passed unless the vehicle is actually reserved and run over foreign railways even though the charges are made at vehicle rates;
- (5) that in the case of parties travelling or animals conveyed on warrants or consignments booked on credit notes sufficient to fill vehicle loads, the vehicle rate or the individual fare or small consignment rate, whichever is cheaper, is always allowed and
- (6) that the rates and amounts claimed by the railways are checked with reference to the contract or tariff rates, as the case may be, and any excess claim disallowed.

**II. Railway warrants**

- (1) that correct authority is quoted in the warrants for free passage authorised for families, servants and baggage admissible under regulations;

अध्याय 8 पैरा 253 II रेल वारंट मद (13)  
CHAPTER 8 PARA 253 II RAILWAY WARRANTS ITEM II (13)  
(13)

: इस मद को पूरी तरह से निकाल दें और वर्तमान 14 और 15 को 13 और 14 के रूप में पुनर्संखित करें ।

DELETE: THE ITEM COMPLETELY AND RENUMBER EXISTING 14 AND 15 AS 13 AND 14.

(प्राधिकार : यात्रा नियमावली-1991 का संस्करण नियम 177 क (I)क

(AUTHY : RULE 177 A(i) (a) TRAVEL REGULATION—1991 EDN.)

- (2) that the class of accommodation provided is authorised by regulations;
  - (3) that the accommodation provided by the Railway and accepted by the despatching officer is necessary with reference to the number travelling on the warrant and that the vehicles are loaded to the full carrying capacity at the authorised scale of accommodation;
  - (4) that a single warrant is issued for a party proceeding to the same destination station on the same day and that the party is not split up into smaller ones for bringing the warrants within the powers of lower authorities;
  - (5) that the cost of baggage in excess of the authorised quantity if any, conveyed in troop trains be ascertained and recovered from the unit concerned;
  - (6) that the contract rate is claimed for all journeys on duty performed by individuals subject to the Army and Air force Acts and those in Indian Navy employ, including movements on medical certificate from one military hospital to another or to a military hospital from a station where there is no military hospital or when returning therefrom;
  - (7) that vehicle rate at public carrying capacity is claimed for Non-Combatants (Unenrolled) proceeding on duty otherwise than on field service and that the same at the military carrying capacity scale is admitted when they proceed on field service only where such accommodation is actually provided;
  - (8) that the special train warrants are audited with reference to 'milrail' orders authorising the move of the special train and that no charge is claimed for empty brake-vans and that one loaded brake-van is allowed free when the number of vehicles of the special train exceeds 16 four-wheelers;
  - (9) that the haulage of specially constructed reserved carriages or saloons used by high officials is claimed at the rates specially sanctioned by the Government of India and that the claims for detention charges are supported by the written orders signed by the official concerned or by one of his staff officers ordering such detention or stoppages;
  - (10) that warrants are only issued in the case of officers who are required to travel on warrant under regulations;
  - (11) that the warrants have been issued by the main route only, unless medical or military reasons render the use of an alternative route desirable;
  - (12) that whenever split warrants are issued, the issue of such split warrants is authorised;
  - (13) that warrants are not issued when period of leave granted to the officer is less than 10 days in the case of leave journey;
  - (14) that in the case of leave journeys, similar leave travel concessions either under rule 177-A and 177-B Travel Regulations have not been availed of by the officer during the same calendar year; and
  - (15) that extra charges are recovered in the case of erroneous issue of warrants;
- III. Credit notes
- (1) that the stores conveyed on credit notes are bonafide Government property at the time of despatch and that such stores are always booked on credit notes duly presented at the forwarding station, and
  - (2) that separate credit notes are issued for wharfage or demurrage charges and that proper sanction exists for the payment of such charges;
- IV. Concession vouchers in respect of concession admissible to defence services personnel for railway journeys while travelling at their own expense
- (1) that the moiety of the fares charged against the Defence Services estimates is correct;
  - (2) that the debits against the Defence Services estimates are borne out by the details recorded on the concession vouchers supporting the debits;
  - (3) that the individuals and the members of their family in respect of whom the forms are issued are entitled to the concession and that the number of the members of family does not exceed the limit authorised under rules;
  - (4) that the forms are issued and utilised only for journeys performed at individual's own expense, and that the forms are on no account used for journeys in respect of moves on permanent and temporary duty for which free conveyance in any other form is admissible;

- (5) that in the case of J.C.Os and others, the journeys in respect of which the concession is granted have, prima facie been undertaken from or to the place of duty of the head of the family; and
- (6) from a higher audit point of view that in the case of officers, the concession is not abused by a lavish availment of it.

254. Blank.

**Claims for under or over charges between railways and defence**

255. The claims for under or over charges between Railway and Defence Accounts Officers concerned are required to be preferred within six months.

The period will be computed as follows:

For Railway Accounts Officers :

From the date shown on the original bills to the date shown on the claims for under charges.

For Defence Accounts Officers :

From the date of receipt by them of the original bills from the railways to the date of despatch of their claims for over charges.

256. As the railway authorities do not entertain any objection or disallowance raised by Controllers after the prescribed six months time limit mentioned above, it is essential that all objections and disallowances should be issued to them within that period and steps should be taken to ensure that this is done.

**Note:** In no circumstances should technical defects in warrants, credit notes and concession vouchers, e.g. Want of signature of issuing officer, be allowed to retard the issue within the prescribed period, of objections and disallowances against the railway authorities. In such cases, check will be exercised from such information as is available and any objection found will be included in the objection statement issued to those authorities.

257. Similarly, the Controllers will not entertain any claims for under charges of fares and freight not preferred within the prescribed limit of six months from the date of original bills.

258. The audit of railway warrants, credit notes and concession vouchers is conducted by the Controllers mentioned below. They also carry out necessary accounts adjustments as envisaged in para 85 Defence Account Code.

(i) (a) Warrant (excluding those issued individually or collectively to service officers as well as officers of the Nursing services referred to at (b) below, but including the omnibus warrants issued to officers moving with bodies of troops under rule 50(d) Travel Regulations) and credit Notes.

Chief Controller of Accounts (Fys) Calcutta.

(b) Warrants issued in respect of Service Officers (including Nursing Officers).

Army Officers  
C.D.A. (O),  
Pune.  
Navy Officers  
C.D.A. (Navy).  
Air Force Officers  
C.D.A.  
(Air Force).

(ii) Concession vouchers :

(a) IAF-1709 A (concession voucher Form 'D' for Military Officers when travelling on leave at their own expense and for their families).

Army Officers  
C.D.A. (Officers),  
Pune.  
Navy Officers  
C.D.A. (Navy)  
Bombay.  
Air Force Officers  
C.D.A.  
(Air Force)  
Dchra-dun.

(b) IAF-1720 A (certificate for tickets and return journey vouchers for J.C.Os etc. When travelling on leave at their own expenses and for their families).

Chief Controller of Accounts (Factories) Calcutta.

(c) IAF-1728 (Railway certificate for military pensioners proceeding to attend Regimental reunions etc.).

C.C. of a (Factories), Calcutta.

(d) IAF-1732 (leave concession voucher Form 'G' for members of the Mily. Nursing Service).

(i) The C.D.A. (Officers) Pune in respect of the forms used by members of Military Nursing Service and of the

Civilian Sisters of Mily. Hospitals travelling by Rail.

(ii) Regional C.D.A. in respect of the forms used by Civilian Sisters.

- (e) IAF-1735 (certificate for Navy Officers competitors and spectators of Defence Services and territorial Force attending any match, competition tournament etc. held under military arrangements).
- C.D.A. (Navy) Bombay.  
Air Force Officers C.D.A.(AF), Dehradun.  
Army Officers (Class I Travel). C.D.A. (Officers) Pune.  
Other cases C.C. of a (Factories) Calcutta.

**259. Blank****Sea Passages**

260. The bills for the cost of sea passages provided for service personnel and civilians paid from the Defence Services Estimates will, with the exception of those relating to Navy personnel, be audited and finally adjusted by the Regional C.D.A. in whose audit area the Port of Embarkation is situated. Similar bills in respect of service personnel and civilians in the Navy will be received and audited by the C.D.A. (Navy).

261. The Controllers paying the claims on account of sea passages provided to Factory personnel should send to the Factory concerned, through the CC of A (Factories), a monthly statement showing particulars of the charges compiled by them against the accounts of the factories during the month, to enable the latter to include the same in their trading and production accounts, etc.

Similar figures in respect of the personnel belonging to other quasi commercial concerns, such as Military Farms, etc. should be sent to those concerns through the C.D.A. in whose audit area they are situated.

262. In checking the bills received from shipping companies it should be seen that:

- (1) IAF 1724 (Requisition of passages) have been completed and signed by the Embarkation Commandant concerned;
- (2) sanction of the Q.M.G. exists for all passages;
- (3) the individuals are entitled to free passages as authorised by rules or Government Orders;
- (4) the fares charged agree with the schedule of fares on record in the audit office and rebates are allowed by the Shipping Companies where so required to be given under the terms of their contract with the Government; and
- (5) the messing charges for voyage period where due from officers and others are correctly recovered with reference to rules on the subject in the Travel Regulations and recorded in the Register of Messing Charges.

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## CHAPTER 9

### UNIT ALLOWANCES, CONTINGENT AND MISCELLANEOUS EXPENDITURE

|   | Para |
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| Contingent and Miscellaneous charges . . . . .  | 268  |
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| Contingent and Miscellaneous Expenditure of Military Attaches/Advisers to Indian Embassies Abroad | 286  |

#### Unit Allowances

265. Claims for miscellaneous unit allowances and grants are normally preferred by the Officer Commanding units/formations (excepting Air Force units/formations) and heads of establishments, to the C.D.A. concerned for pre audit and payment. Certain claims such as those on account of condiment allowance (paid out of imprest) and annual training grant account (grant obtained on requisition or by allotment) are however subject to post audit by the Controller concerned.

The claims for miscellaneous unit allowances and grants in respect of Air Force units/formations are paid out of units imprest accounts and sent to C.D.A (AF) alongwith the monthly cash accounts for post audit. As an exception, claims on account of local purchase of stationery/rubber stamps and local printing and those pertaining to the D.T.D & p (Air) establishment, etc, are sent to C.D.A (AF) for pre-audit and payment direct to the parties concerned. Claims in respect of D.S.C. Platoons serving with Air Force units are sent to the C.D.A. (AF) for pre-audit and authorisation of payment out of Units Imprest Accounts.

**Note :** The claims of condiment allowance in respect of patients in hospital will, however, be pre-audited.

Ordinarily, payment of the above mentioned claims will be made by cheque, but in the case of units, etc, serving in an operational area or stationed at places where banking facilities are not available, units may be authorised payments from

the Unit Imprest. The authorised/audited bill in such cases should be authenticated by the payment authority seal of the office of issue. The vouchers, etc, in original in such cases will, on receipt with Imprest Accounts, be transmitted by the Pay Accounts Officers (ORs), to the C.D.A who authorised the payment.

266. Unit claims and the audit requirements in connection therewith are given in 'Regulations for the Unit allowances of the Army' and 'Pamphlet of Recognised Claims' Part I (Army) Part II (Navy) and Part III (Air Force). In addition to the general checks required to be exercised over cash expenditure, the controllers will check that the requirements referred to above have been complied with.

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#### Contingent and Miscellaneous Charges

268. The primary check over contingent expenditure is performed by the executive authorities. It is their duty to see that the charges drawn in a contingent bill are of obvious necessity and are at fair and reasonable rates, that previous sanction for any item requiring such sanction is attached; that all requisite vouchers are received and are in order; that the calculations are correct, and that, where applicable the expenditure has not exceeded and is not likely to exceed, the allotment made for the purpose. If expenditure be progressing too rapidly, it is their responsibility to regulate the expenditure and to keep it within the authorised allotment, and if necessary, to take steps to obtain an additional allotment.

269. Contingent and miscellaneous charges will be audited in accordance with the general rules for the audit of cash expenditure as given in this code. In the case of contingent charges it will further be seen:

- (1) that the charges are of a kind normally incurred on account of office or other contingencies and that they are not of an unusual or extraordinary nature;
- (2) that the expenditure has been incurred with due economy; that rates and prices are reasonable and are apparently not extravagant and that the standards of financial propriety as laid down in para 39 have been observed;
- (3) that the bill is in proper form and that any certificates required under the financial rules have been furnished;
- (4) that the vouchers for charges in excess of Rs. 25 are furnished;
- (5) that no charges for pay and allowances are included in the contingent bills;
- (6) that the recurring charges have been sanctioned by the competent financial authority;
- (7) that the expenditure is incurred by a Government servant competent to incur it, and that it has received such sanction as is necessary;
- (8) that charges for non-official publications (including newspapers) conform to para 604 Defence Services Regulations 1962;

**Note :** Charges for railway time table and Indian Postal and Telegraph Guides, when their purchase is necessary, may be admitted.

- (9) that printing binding and stationery charges do not contravene the rules contained in the 'Rules for the supply and use of stationery stores and those for printing binding. In this connection see A1 44/76 and 41/83 AFI 28/79 and NI 26/78 as amended from time to time for Army, Air Force and Naval units respectively.

- (10) that no charge is preferred for section writing, i.e. for copying manuscript by piece work, without the previous sanction of the authority which may sanction the employment of an establishment; and that no such charge is passed to any person in receipt of a salary from Government;
- (11) that charges for liveries and warm clothing for Class III and Class IV employees are claimed in accordance with the conditions laid down in 'Hand book on uniforms of Class III and Class IV employees' issued by the Ministry of Home affairs and other special Government letters issued for the purpose;
- (12) that no charge is passed which contravenes the orders relating to contingent and miscellaneous expenditure contained in chapter 12, Financial Regulations Part I, Vol I, Pamphlet of Recognised Claims; and Appx II of FR Part II,
- (13) that the expenditure in respect of charges, for which a separate allotment has been sanctioned for the year, is a proper charge against the allotment and that it is not progressing at a rate likely to exhaust the allotment before the end of the year. In the latter contingency the Officer submitting the claims will be warned to keep his expenditure within the authorised limit and advised, if necessary, to take steps to obtain an additional allotment. See also in this connection chapter 16 Defence Account Code.
- (14) that charges for which scales have been laid down are passed in accordance with those scales and that the charges for which sanction of higher authority is necessary have been so sanctioned;
- (15) that there is no tendency to incur expenditure simply because funds are available, and that if the expenditure in the month of March is unusually large it does not lead to irregularities; and
- (16) that legal charges are claimed in accordance with the provisions contained in para 421, 537 and 538 of Regulations for the Army and other Government letters issued for the purpose.

270. A comparison of the relative responsibilities of the executive and administrative authorities and the Audit Officers in regard to contingencies, as stated in the preceding paragraph, will show that the duties of the former are more onerous than those of the latter, it is more difficult to decide whether expenditure is necessary than whether it is unusual, and whether rates are reasonable, than whether they are apparently extravagant.

271. To avoid double payments recurring charges will linked with the previous charges and audited. A suitable entry should be prominently made in the last charge, regarding the fact of payment of the next charge at the time of audit thereof indicating also the number and date of the voucher (as given by the unit), the amount involved and the month to which the charges pertains under the initials of the auditor and the SO(A)/AAO. Non-recurring charges will be noted in the non-recurring charges register.

272. For the record of special charges requiring the sanction of the superior authority, a register will be kept in IAFA-514. Separate pages may be set apart for unit, formation or Officer; or the pages may be distributed according to classes of expenditure. Immediately on receipt or an order sanctioning any special expenditure, it will be entered in the register in an appropriate place; it will be audited against the note in the register and the necessary entries made.

**Note 1:** This register will also be used to record the audit of language rewards and other special non-recurring charges. In the case of those officers and men whose pay accounts are maintained on I.R.L.As, such charges will be audited through these ledger accounts.

**Note 2:** In opening a new register, orders of which the force has not expired, will be carried forward from the old to the new register.

**Note 3:** Special sanctions of refunds, advances and travelling allowances will also be recorded in the register and the claims will be audited against those sanctions, as and when they come up for payment.

**Note 4:** When an order sanctioning expenditure contains no indication of the amount of limit of the sanction, the C.D.A will address the issuing authority for this information.

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#### Charges for ground rent and land compensation

275. Charges for ground rent and for compensation for land taken up for military purposes will be audited under the general rules laid down for the audit of cash expenditure, and payments on this account will be made with reference to the conditions noted on the lease agreements entered into by the authorities concerned. The lease agreements will be recorded in a separate Guard file maintained for the purpose.

#### Conservancy and hot weather establishment charges.

276. The budget provision in respect of conservancy and hot weather establishment charges is distributed by the authorities at Defence Head quarters to Commands/Establishments under them and through them to Areas and Sub Areas/Heads of Establishments respectively. The Sub Areas/Heads of establishments distribute it to Officers Commanding Stations, who in turn may distribute the allotment to units and formations/offices under them, respectively. The bills in respect of conservancy and hot weather establishment charges are preferred to the Controllers monthly by the Officers Commanding stations or units/formations/heads of establishments to whom the allotments have been distributed.

277. In auditing the bills referred to above, the following points should be seen in addition to the general checks laid down for the audit of cash expenditure:

- (i) that the pay and allowances of regular conservancy establishment are claimed in IAFA 38 and those of hot weather establishment on a contingent bill and that the claims in both the cases are countersigned by the Officer Commanding station and are supported by details of expenditure;
- (ii) that the hot weather appliances on which the establishment has been employed are authorised in Barrack and Hospital Schedules. If not, Government sanction had been obtained before such appliances were fitted in the Military buildings;

अध्याय 9 पैरा 277 (iii) पंक्ति—पांच और छह  
CHAPTER 9 PARA 277 (iii) LINE—SEVEN

: सी. डी. एस. (आर. पी.) नियमावली 1986 के स्थान पर  
FOR : C.D.S. (R.P.) RULE 1986

: सी. डी. एस. (आर. पी.) निमावली 1997 पढ़िए  
READ : C.D.S. (R.P.) RULE 1997

- (iii) that such of the employees paid from contingencies and other allotments under 'Incidental and miscellaneous expenses' and 'Conservancy grants' as are borne on the regular establishment are paid at the appropriate rates of pay and allowances applicable to them (vide C.D.S (RP) ~~Rules 1986~~ 1997)
- (iv) that the casual employees paid from contingencies and other allotments mentioned in clause (iii) are paid as per as nerrick rates prescribed from time to time by station hqrs. Or such other pay as may be fixed in individual cases by special orders. In addition it will be ensured that Dearness, Compensatory and other allowances are admitted only at the same rates and in the same manner as are prescribed for class IV staff belonging to regular establishment with effect from 1/7/1959, that leave pension, medical, attendance or travelling allowance benefits are only admitted to personnel, who are entitled to the concession(s) as per the orders issued from time to time; and
- (v) that funds are available to meet the claims preferred; see also para 278.

278. When there is a probability of the allotment for a unit or formation/establishment or for the station being exceeded, the C.D.A. will warn the Officer Commanding/Head of the establishment concerned in time to enable him to obtain additional allotment to cover expenditure in excess of the original allotment. Further payments will be regulated in accordance with the principles governing provisional payments laid down in Defence Account Code.

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**Petty recurring expenditure sanctioned by the General Officers Commanding in Chief Commands Area Commanders etc.**

281. To see that the limits prescribed in Appendix II part I Army schedule IV of Financial Regulations Part I, vol II 1983 edition, in regard to the sanctioning of petty recurring expenditure by General Officers Commanding-in-Chief, etc, are not exceeded, a register will be maintained in which all sanctions will be recorded, Command Controllers will watch the sanctions accorded by the General Officers Commanding-in-Chief of the Commands for all the Areas and Sub Areas in the Command.

**Non recurring payments sanctioned by the chiefs of staff**

282. A sum of Rs. 60,000 per financial year is placed at the disposal of the Ministry of Defence to enable non-recurring payments to be made by the authorities specified below on the following objects:

- (a) donations when visiting training establishments, boys' training units, etc;
- (b) provision of trophies, flags, etc. for presentation of training establishments;
- (c) provision of amenity articles when visiting hospitals, welfare centres, etc;
- (d) similar grants; and
- (e) miscellaneous expenditure incurred by the Chief of the Army Staff/the Chief of the Naval Staff/the Chief of the Air Staff, while on tour for which no specific provision exists in the regulations; e.g. Gratuities to servants; coolies hire; etc. This expenditure should not exceed 10% of the amount allocated to the Chief of the Army Staff/the Chief of the Naval Staff/the Chief of the Air Staff.

283. The various authorities and the maximum limits upto which each of them may accord sanction are as follows:

- (i) The Chief of the Army Staff Rs. 30,000 per financial year
- (ii) The Chief of the Naval Staff Rs. 15,000 per financial year
- (iii) The Chief of the Air Staff Rs. 15,000 per financial year

284. The bills for non-recurring payments sanctioned by the Chief of the Army Staff will, be paid by the C.D.A. (HQRS) New Delhi. And those for payments sanctioned by the Chief of the Naval Staff, by the C.D.A. (Navy) respectively. These officers will be responsible for watching that the sanctions accorded do not exceed the prescribed limits.

In the case of Air Force, the sum of Rs. 15,000 will be paid at the beginning of each year to the Chief of the Air Staff on a contingent bill received from him. A Public Fund Account will be opened and expenditure incurred by him as and when required. The unspent balance at the end of the financial year will be refunded to Government.

A proper account of all expenditure out of this grant will be mentioned at Air Headquarters supported by appropriate vouchers and the accounts will be subject to audit in the usual manner by the CDA(AF). For this purpose a copy of the cash book will be received from the Chief of the Air Staff by the first week of April each year together with the original receipts and vouchers.

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**Contingent and Miscellaneous Expenditure of Military Attaches/Advisers to Indian Embassies Abroad**

286. An annual allotment to meet contingent and miscellaneous expenditure is provided every year by Army Headquarters to each of the Military Attaches to Indian Embassies abroad. A copy of the communication notifying the allotment is endorsed to the C.D.A. Central Command, who is the Central Controller responsible for auditing and adjusting the expenditure on the above account.

287. On receipt of debits from the Controller General of Accounts the C.D.A. Central Command will in addition to the General Rules regarding the audit of cash expenditure, see

- (1) that the accounts of contingent and miscellaneous expenditure have been countersigned by the Head of the Embassy in token of his approval to the expenditure and are duly supported by relevant vouchers;
- (2) that the expenditure on contingencies has been incurred only on the authorised items

such as those mentioned in the Annexure to Government of India, Ministry of External Affairs letter no. F 25(17) B & a ii/59 (eai) 62/i/178 dated 31/10/62 etc.

**Note:** the Military Attache/Adviser being a part and parcel of the Embassy, Legation etc, where he is posted, the provision of office accommodation, motor cars and other administrative arrangements such as, provision of furniture, fans, arrangements for cleaning office; hot and cold weather arrangements, despatch of mail and telegrams, etc, is made by the Embassy, Legation etc, and the expenditure is chargeable against the Civil Estimates.

- (3) that the allotment of the year is not exceeded

288. A copy of the account (without vouchers) is sent by the Military Attaches to Army Headquarters in advance to enable those Headquarters to note the progress of expenditure.

289. All audit observations will be addressed by the C.D.A., Central Command, Meerut direct to the Military Attaches concerned. Items which are not satisfactorily settled within a reasonable time will be reported to the G.S. Branch for further necessary action in the matter.

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अध्याय 10 पैरा 294 (iii) मंद संख्या (4)

CHAPTER 10 PARA 294 ITEM No. (4)

“प्राधिकारी” शब्द के बाद निम्नलिखित शब्द “परिवर्तित होने के कारण संधिदा में शामिल करने के लिए” शामिल किया जाए ।

ADD THE FOLLOWING WORDS AFTER THE WORD “AUTHORITY”, “TO ENTER INTO THE CONTRACT AS SO VARIED”.

(प्राधिकार: वित्तीय नियमावली भाग-1, जिल्द-I नियम 231(IV)  
(AUTHY : RULE 231 (IV) F.R. PART I VOL. I)

## CHAPTER 10

### CONTRACTS, EXPENDITURE ON SUPPLIES AND HIRED LAND TRANSPORT

|   | Para |
|---|------|
| Contracts   |      |
| General Rules                                     | 292  |
| Comparative statement of tenders                  | 301  |
| Audit of contracts                                | 304  |
| Short term agreements                             | 305  |
| Expenditure on Supplies                           |      |
| Audit of bills                                    | 306  |
| Payment of Contractors bills                      | 310  |
| Hired Land Transport                              |      |
| Audit of bills                                    | 315  |
| Payment of Contractor's bills for hired transport | 320  |
| Adjustment of expenditure on hired land transport | 323  |

#### Contracts

(2) As far as possible, legal and financial advice should be taken in the drafting of contracts and before they are finally entered into.

(3) Standard forms of contracts should be adopted wherever possible, the terms to be subject to adequate prior scrutiny.

(4) The terms of a contract once entered into should not be materially varied without the previous consent of the competent financial authority.

(5) No contract involving an uncertain or indefinite liability or any condition of an unusual character should be entered into without the previous consent of the competent financial authority.

(6) Whenever practicable and advantageous, contracts should be placed only after tenders have been openly invited, and in cases where the lowest tender is not accepted, reasons should be recorded.

(7) In selecting the tender to be accepted, the financial status of the individual and firms tendering must be taken into consideration, in addition to all other relevant factors.

(8) Even in cases where a formal written contract is not made, no order for supplies, etc. should be placed without at least a written agreement as to price.

(9) Provision must be made in contracts for safeguarding Government property entrusted to a contractor.

#### General Rules

**Note:** The rules in this chapter do not apply to contracts for the Military Engineering Services nor to those concluded for the Defence Services by the purchase organisations under the Ministry of Works Housing and Supply and the Ministry of Food and Agriculture.

292. Supplies and services required by Government are generally arranged for by contracts for which tenders are invited. It is an important function of audit to examine contracts or agreements for services or supplies entered into by Government officials on behalf of Government.

293. The responsibility for the placing and fulfilment of contracts for supplies to be made or services to be rendered rests entirely with the executive but this does not preclude audit criticism when the action or procedure adopted by the administrative authorities results in loss or waste of public money, or where the terms and conditions of contract do not afford reasonable security against malpractices.

294. The Government of India have laid down the following fundamental principles for the guidance of authorities authorised to enter into contracts or agreements involving expenditure from public funds. These are financial rules but they state audit principles as well.

(1) The terms of a contract must be precise and definite, and there must be no room for ambiguity or misconstruction therein.

अध्याय 10 पैरा 294 मद सं. 10 पंक्ति—एक  
CHAPTER 10 PARA 294 ITEM No. 10 LINE—ONE

शब्द "किया गया हो" के स्थान पर  
FOR : WORD "ENDURE"

"बढ़ाया जाता है" पढ़िए  
READ : "EXCEED"

5

(4)

अध्याय 10 पैरा 302 (4) पंक्ति—दो  
CHAPTER 10 PARA 302 (4) LINE—ONE

"रु. 5/-" के स्थान पर  
FOR : "Rs. 5/-"

"रु. 100/-" पढ़िए  
READ : "Rs. 100/-"

(अधिकार : भारत सरकार, रक्षा मंत्रालय, नई दिल्ली का दिनांक  
21 सितम्बर, 92 का पत्र संख्या : 68063/क्यू एस. टी. -5/4669/डी०  
(क्यू. एस.)

(AUTHY : GOVT. OF INDIA, MIN. OF DEF.  
NEW DELHI LETTER NO. 68063/Q/ST-5/4669/  
D (QS) DT. 21 SEPT. 92)

पैरा 302 (4) पंक्ति—दो  
(केवल अंग्रेजी में परिवर्तन करना है हिन्दी अनुवाद वही रहेगा)  
FOR : "ASC"

READ : "ASC"

- (10) When a contract is likely to ~~exceed~~ endure for a period of more than 5 years, it should, wherever feasible, include a provision for an unconditional power of revocation or cancellation by Government at any time after the expiry of six months' notice to that effect.

**Note 1:** Sanction of the Government of India will be necessary to conclude a contract for a period beyond 3 years. For exception to this General Rule see Rule 246 Financial Regulations Part I vol I 1983 edition.

**Note 2:** Long term contracts (contracts for more than one year) should also be sent to Director of Audit Defence Services.

**Note 3:** It may be ensured in audit that wherever prior concurrence of respective Regional Controllers on the spot/Min of Def (Fin) is required under the rules, should be obtained before entering into contract.

- (11) the Controllers of Defence Accounts have power to examine contracts, and to bring to the notice of the proper authority any cases where high tenders have been accepted, or where other irregularities in procedure have come to light.

295. Deviations from contracts require authority not inferior to that required for the original contract. Audit should also see that contract rates are not increased without the sanction of the authority next higher to the one which sanctioned the contract, and that no payments outside the strict terms of the contract are made without the consent of the competent financial authority.

296. Cases in which there is evidence that a Government servant of the contracting department has an undue common interest with the other contracting party should be brought to the notice of the competent higher authority for such action as it may consider necessary.

297. Standing contracts should be reviewed occasionally and if audit has reason to believe that the rates accepted in those contracts are considerably higher than the rates prevailing at the time of review, such variations should be brought to the notice of competent authority;

298. The detailed rules and procedure of calling for tenders and conclusion of contracts relating to the defence services are laid down in chapter X Financial Regulations Part I vol I 1983 edition. A.S.C. Regulations and other departmental Regulations.

299. Blank.

300. Blank.

### Comparative statement of tenders

301. The comparative statements of tenders in respect of A.S.C. contracts are required to be submitted to Controllers for prior scrutiny, irrespective of the nature, value or period of the proposed contracts. In other cases the comparative statements will be sent to Controllers for prescrutiny only where it is so provided in the relevant regulations. A competent sanctioning authority may, however, if he considers it desirable, obtain the remarks of the Controller before giving his sanction.

302. The following points should be observed in dealing with the comparative statement:

- (1) that the statements have been prepared on the proper forms;
- (2) that the entries in the statements are in accordance with the relevant rules applicable to the proposed contracts;
- (3) that no local purchases of the stores are arranged, supplies of which are required to be made by a central purchasing authority, except with the concurrence of that authority;
- (4) that a uniform fee of Rs. 5 for the tenders issued by the asc in respect of each contract/short term agreement has been charged from all contractors and the number and date of treasury receipt under which the fee was deposited by the contractor has been recorded by the executive officer on the top of the tender form;
- (5) that a certificate to the effect that the tender forms not returned by the contractors are identical to those that are forwarded along with the C.S.T. is given on the C.S.T. by the executive authorities.
- (6) that the tender forms and schedules issued to all the contractors are the same in all respects; and
- (7) that if the lowest tender has not been recommended for acceptance the reasons put forward are justifiable.

303. Blank.

### Audit of contracts

304. As soon as a contract is concluded and the security deposit is received from the contractor, the original copy of the contract together with a duplicate copy (complete with all forms), the comparative statement of tenders, and the security deposit receipt is passed on to the C.D.A. concerned for post scrutiny. On receipt, the Controller will see that:

- (1) all requirements pointed out at the time of pre-scrutiny (if carried out) have been complied with or a satisfactory reply, acceptable in audit, has been furnished;
- (2) where audit advice regarding the acceptance or otherwise of the recommended tenders has not been accepted, adequate reasons are recorded in the comparative statement under the signature of the competent authority;
- (3) the lowest tender has been accepted as a rule or where a higher tender has been accepted, adequate reasons are recorded in the statement;
- (4) that the contract has not been made by or on behalf of a minor;
- (5) that the contract has been sanctioned by the competent authority and has been concluded with the firm actually admitted to the register of approved contractors;
- (6) that the security deposit in the appropriate form and of correct amount has been lodged within the period stipulated in the contract and that in the event of default penalties leviable under the conditions of the contract have been enforced;
- (7) that all the conditions and requirements printed on the contract form have been complied with;
- (8) if the contract has been entered into with a firm, each one of the partners has signed all the documents constituting the contract and if any partner be absent these forms are signed by his duly constituted attorney. In the latter case the original power of attorney duly registered in a court of law will be verified and an attested copy retained for audit purposes; and
- (9) the specimen signature of the contractor or his duly constituted attorney is received and recorded with duplicate copy of the contract.

#### Short term agreements

305. Supplies and services required by Government are generally arranged for by contracts but they can also be obtained on short term agreements ordered by the competent financial authorities in the following circumstances:

- (a) in an emergency when conclusion of a regular contract is not feasible;

- (b) when uneconomical rates are tendered for regular contracts and there are prima facie reasons to believe that this is due to formation of a 'ring' by contractors; and
- (c) as an interim arrangement when for some reason, sufficient time is not available to conclude a regular contract.

This short term agreements are audited on the same principles as regular contracts and as laid down in para 293 et. Seq ante, with the exceptions that they can be concluded with the unregistered contractors and that tender documents may not be submitted to Controllers for pre-scrutiny.

#### Expenditure on Supplies

##### Audit of Bills

306. In addition to observing the rules prescribed in Paragraphs 47 and 62, it will be seen in auditing bills for supplies that:

- (1) the purchase of the stores has been sanctioned by the competent authority;
- (2) all purchases of stores are made in accordance with the instructions laid down in rule 128 et. Seq. Financial Regulations Part I vol I 1983 edition, with special reference to the rule that no purchase which requires the sanction of a superior financial authority shall be sanctioned by an inferior authority in instalments;
- (3) the arithmetical calculations are correct;
- (4) the bills are supported by receipt vouchers (properly signed) or receipted inspection notes or supply orders;

**Note:** in the case of articles of provision etc, supplied direct to units, I.A.F.S. 1520 should be signed both by the officer receiving the stores and the supplier. The certificate at the bottom of I.A.F.S. 1520 will also be signed by the receiving officer;

- (5) each supply order (I.A.F.S. 1520 or I.A.F.Z. 2135) has got impressed on it the Supply Officer's stamp and the date of issue has been endorsed in the space provided with the signature of the issuing officer;
- (6) where contracts have been entered into, the rates charged for agree with those in the contract agreements;

- (7) in the case of purchases of stores by units or depots for which no contract has been entered into the rates agree with those in the rate lists on record in the audit office and with those on the supply orders accompanying the bills and that the rates have been certified as being correct;

**Note 1:** Produce from Soldiers Gardens when obtained by the A.S.C. will be paid for either at the current local contract rate or at the Military Farms latest audited actual production rate, whichever is cheaper.

Articles which are neither included in the contract nor produced by Military Farms but correspond to A.S.C. Specifications will be paid for at the local wholesale civil market rates as fixed/certified by Civil Authorities.

Dairy produce shall be obtained by the A.S.C. Only when the local Military Farms authorities are unable to meet the requirements.

**Note 2:** units are permitted to consume articles (if conformable to A.S.C. specifications) of A.S.C. Supply produced by units as a result of grow more food campaign. In such cases the units will underdraw the equivalent quantities from the A.S.C. Against their normal requirement and claim the amount from the C.D.A. Concerned at the local Government procurement rate as ascertained from the local Government Supply Officer plus grinding charges, or at the stock book free issue rate less 2 per cent, whichever is less. In respect of produce issued as an authorised substitute, the cost to be paid to the unit should not exceed the contracted cost of the basic article at the proportionate scales prescribed for substitutes. In cases where contract rate is not available, the wholesale market rates Published in Station Orders should be taken into consideration.

- (8) in the case of army supply corps, it should be ensured that expenditure on local purchase is incurred by the competent financial authorities only under the following circumstances:
- (i) when the demand for the article is so spasmodic that neither central nor local contracts have been or can be made;
  - (ii) for troops on the line of march, camp etc, where supplies under normal arrangements are not available or are likely to be delayed;

- (iii) when the demand for the articles is so small that it is not economical or desirable to obtain requirements from the normal source of supply;
- (iv) when purchases are made for which no tenders are received or the tenders are unacceptable; and
- (v) in an emergency, when supplies have to be delivered to troops at out of the way places and cannot be supplied by rail, or road or where procurement by contract or Short Term Agreement is impracticable.

- (9) It will be seen that the bills for payment are supported by the undermentioned documents:

- (a) when articles of central supply are authorised by the competent authority for local purchase by depots, the bills should be supported by the original receipted supply order (IAFZ 2135) in which will be cited the particular account in which the credit will be found afforded;
- (b) bills for articles of daily supplies to units should be supported by the original IAFS 1520 and those for casual supplies by the original IAFZ 2135, duly receipted by a Commissioned Officer of the unit and bearing a certificate as to the particular account in which the supplies have been credited;
- (c) in the case of Army Ordnance Corps supplies obtained by purchase, the following points are observed:
  - (a) the certificate on the supplier's bill (IAFA 68) has been completed by the ordnance officer;
  - (b) in the case of purchases out of contract, the bill has been countersigned by the ordnance officer within whose financial powers the amount of the bill falls;
  - (c) in the case of purchases made by units under the authority of the ordnance officer, the bill has been duly countersigned by the Ordnance Officer;

**Note :** original copy of the receipt voucher on which the stores are taken on ledger charge and authority in original (IAFZ 2123) should be looked for in support of the bill.

- (d) a certificate to the effect that articles purchased locally are not for stock;
- (e) where the total value of the purchase exceeds the financial powers of the sanctioning authority, a certificate to the effect that articles are dissimilar;
- (f) in the case of local purchase of E.M.C. Stores by the Officers Commanding workshops within their financial powers, original quotations from the firms accompany the contingent bill. Where there is only one local dealer in the parts purchased, an explanatory note to that effect has been endorsed on the bill. The contingent bill should further bear a certificate from the officer commanding that the articles purchased were not available from the normal sources of supply, or being available time did not permit of their being obtained on emergent indent;
- (g) in the case of direct purchase of stores, a certificate to the effect that the items purchased are covered/are not covered by rate running contract and that the cost of the items purchased does not exceed the monetary limit fixed for purchase at a time and the aggregate for a year, is attached;
- (h) in the case of local repair contracts concluded by E.M.E. Officers it should be ensured that a certificate from the O.C. Unit that all unserviceable parts are collected by him and taken on charge by means of a certified receipt voucher and the C.R.V. Duplicate are enclosed with the bill;
- (10) in respect of bills based on technical committee recommendations, as no comparative statement of tenders of original quotations is attached with the bills, it should be ensured that a copy of the supply order stating that it is based on technical committee's recommendations is received from the authority who placed the supply order;

- (11) bills for local purchase of stores by Ordnance and Clothing Factories bear a certificate given by the accounts section of the Factories to the effect that the rates have been checked with the contract rates, or where there is no contract, with the rates agreed upon in supply orders and that the stores have been accounted for in the store ledgers. It will also be seen that the particular month's store accounts in which the stores have been taken on charge has been noted on the bills;

**Note :** In the case of Ordnance and Clothing Factories to which Accounts Officers (Factories) are attached, local purchase bills will be audited in full by those Officers instead of by the Chief Controller of Accounts (Fys)

- (12) in the case of purchase or remounts, the number purchased agrees with the number brought on charge in the Animals' Roll received with the cash account.

**Note 1 :** Rates for purchase of animals will be passed on the strength of a certificate from the remount purchasing authority.

**Note 2 :** For debits received on account of stores purchased by the India Supply Mission or other Civil Department, no detailed check over rates is required.

307. If owing to the default of a contractor, an article which he had contracted to supply is procured through departmental agency, it should be ascertained by the audit office how the forfeited earnest money, or the amount of assessed damages, and the differences, if any, have been or will be adjusted. This information should be entered in the contractor's demand register against the name of the defaulting contractor and the recovery watched.

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#### Payment of Contractor's Bills for Local Purchase of Stores

310. To guard against double payments, full particulars of all payments made to contractors such as the number and date of supply orders, local purchase vouchers, etc, and the name and station of the unit/formation to which the articles have been supplied, etc. Should be noted in the 'register of payments to local purchase contractors' (i.e. Income tax register). Before a contractor's bill is passed for payment, all supply orders, local purchase vouchers, etc. Supporting the bill, even though they may be marked as 'original' should be verified with the entries in the above register to ensure that a previous payment therefor has not been made.

This verification by the auditor should be test checked by another auditor to the extent of cent per cent. They will also endorse a certificate to this effect on the bill, which will be looked for by the SO(A)/AAO/officer before passing the bill finally for payment. The verification made by the auditors will be subjected to a test check by the SO(A)/AAO/officer and suitable steps taken to prevent recurrence of any errors or omissions that may come to notice during the test check.

311. All the vouchers for which payment is authorised will be prominently en faced 'cancelled'. The local purchase bills with supporting documents, will after payment, be transmitted to test audit staff and on return from them will be sent to the Local Audit Officer concerned for verifying credit for the stores in the consignees' books.

The detailed procedure to be followed for the cancellation of vouchers, their scheduling to the Local Audit Officers and final recording is laid down in para 516 et seq of Office Manual Part II vol. I as amended from time to time.

In the Ordnance and Clothing Factories the local purchase bills, after payment by Accounts Officers attached to Factories; will be recorded in their offices and will be produced, when called for, to the Test Audit staff during their periodical visits for audit.

312. In the case of a bill preferred by Army Supply Corps contractor or other supplier, no payment shall be made except when supported by the original supply order. The contractor who loses his copy shall prefer a claim on the C.D.A., who will subject the bill to the usual audit acting on the following certificates and the unit's copy:

- (1) a certificate from the unit/formation concerned for the supply made, and
- (2) a certificate signed by the contractor to the effect that payment has not been obtained by him previously and that he shall not again prefer a claim if the lost voucher is subsequently recovered.

In such cases verification of credit of stores is also necessary by the Local Audit Officer concerned before payment is made.

313. In cases where payment is made first by the executive and audit comes later, i.e. In the case of post-audit, verification of credits in consignees' books, before the final post-audit enfacement will take the place of the checks laid down in para 310 above for detection of double payments.

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### Hired Land Transport

#### Audit of Bills

315. When Government transport is not available to meet demands or where Government transport cannot be used due to mileage or P.O.L. Restrictions Local station/Formation Commander will place demands for transport within the terms of the contract on the hired transport contractor. If no hired transport contract exists, Local station/Formation Commander will hire it locally with the prior sanction of the competent financial authority.

316. When transport is hired through contract, bills of transport contractors for carriage of stores should be preferred on IAFA-68 through the Local station/Formation Commander concerned. It should be seen in audit that:

- (1) the bills of contractors and agents have been prepared and signed in ink by the person making the claim and submitted in original; duly supported by the original transport indents (IAFZ-2150);
- (2) the various parts of the supporting indents have been properly completed by the appropriate authorities;
- (3) the indents relating to services rendered under each contract are numbered serially and separately (the serial to run for the period of the currency of the contract);
- (4) the bill is supported by a certificate as required by (a) para 63 (2) (ii) of Pamphlet of Recognised Claims Part I Army and (b) para 162(f), Army Service Corps Regulations.
- (5) the bill is a complete claim for all the services rendered during the month to which it pertains and in case it is not possible to include any indents pertaining to that period in the bill, the number of such indents is noted on the bill and brief reasons given for their exclusion;
- (6) the number and date of receipt and issue vouchers under which the stores were received/despached have been noted by the units/formations using hired transport, in Part III of the transport indents;
- (7) charges for the hire of transport are only claimed for the transport actually supplied as indicated in Part III of the indent by the indenting officer or his representative; and
- (8) the charges claimed are in accordance with the rates and conditions specified in the contract agreement on record.

317. Bills of transport contractors for carriage of passengers are required to be preferred by the contractors on IAFA 68 through the Local station/Formation Commander concerned. It should be seen in audit that

- (1) the bills are supported by road warrants;
- (2) the warrants have been issued by the competent authority;
- (3) the individuals to whom warrants have been issued are entitled to travel on them and the warrants have been signed by the officers and other or by Officers-in-Charge of Parties, in token of the accommodation having been provided
- (4) the number of seats and the class of accommodation asked for and provided by the contractor is separately shown in the columns provided in the road warrants; and
- (5) the charges claimed are in accordance with the rates and conditions specified in the contract agreement on record.

318. In cases when transport is hired locally, the bills should be supported by the sanction of the competent financial authority and the certificate of Local station/Formation Commander regarding the reasonableness of the rates charges.

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#### Payment of Contractor's Bills for Hired Transport

320. The procedure laid down in paras 310 and 311 will be followed mutatis mutandis in the case of contractor's bill for hired transport. Before a contractor's bill is passed for payment, all bills, transport indents, road warrants, etc, supporting the bill will be verified with the entries in the Income Tax register to ensure that a previous payment on the same account has not been made.

321. In the event of a hired transport contractor losing his copy of transport indent (IAFZ-2150) completed for voucher purposes, a fresh form will be issued by the Local Station/Formation Commander endorsed 'duplicate original indent No.....Stated to have been lost' and passed by the Station Transport Officer to the C.D.A. who, after verification that no previous payment has been made, will endorse it as follows:

"I certify that payment for the original of this voucher has not previously been made".

The verification should invariably be done by consulting the contractor's Income Tax register.

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#### Adjustment of Expenditure on Hired Land Transport

323. The expenditure incurred on hired land transport will be adjusted finally by the controllers incurring the same, in their own compilations against the appropriate service heads. In the case of quasi commercial concerns, however, such as Military Farms, etc. the Controllers incurring the expenditure should send to them, through the C.D.A in whose audit area they are located, monthly statements showing the particulars of the charges compiled by them against the accounts of the concerns during the month. In the case of expenditure pertaining to Factories, similar statements will be sent to them through the C.C. Of A (Fys).

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For Use of Defence Accounts Department Only

रक्षा लेखा विभाग

DEFENCE ACCOUNTS DEPARTMENT

रक्षा लेखापरीक्षा संहिता  
जिल्द II

DEFENCE AUDIT CODE  
VOL. II



सत्यमेव जयते

1992 संस्करण  
(शुद्धि पर्चे संख्या 25/90 तक समाविष्ट)

1992 Edition

[Incorporating amendments upto C.S. No. 25/90]

रक्षा लेखा महानियंत्रक के प्राधिकार से जारी की गई

Issued by the authority of the  
CONTROLLER GENERAL OF DEFENCE ACCOUNTS

रक्षा लेखा विभाग

DEFENCE ACCOUNTS DEPARTMENT

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## PREFACE

This Code embraces the broad and general principles on which audit by the Defence Accounts Department is conducted over Defence Services receipts and expenditure and the special points to be observed in the audit of particular items of such receipts and expenditure.

2. All officers and members of the establishment should make themselves fully conversant with the contents of this Code. Ignorance of its provisions will not be accepted as an excuse for any departure from these provisions or failure to comply with them.

3. This code is a departmental publication. The instructions contained therein are supplementary to the rules in the Civil and Defence Accounts Codes, Financial Regulations, Pay and Allowances Regulations, Civil Service Regulations etc. When dealing with work in the office and in correspondence with other offices in the Department, the relevant paras of this Code should invariably be cited. No change, which involves a substantial departure from these instructions, should be effected without the previous approval of the Controller General of Defence Accounts.

4. The Controller of Defence Accounts, Southern Command, Pune will be responsible for keeping this book corrected upto date. For this purpose, he will propose Corrections whenever necessary and send the draft amendments to the Controller General of Defence Accounts in duplicate for approval, quoting the orders on which the corrections proposed are based.

5. This supersedes the 1972 Edition of Defence Audit Code.

NEW DELHI  
Dated : 29-4-1992

SANJIB MUKHERJI  
*Controller General of Defence Accounts*

For easy handling, this Defence Audit Code has been printed in two volumes as under:—

**Volume I**

Chapters 1 to 10

**Volume II**

Chapters 11 to 19 and Appendices

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## CHAPTER 11

### MILITARY ENGINEER SERVICES EXPENDITURE

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#### Scope of Audit

326. The audit of Military Engineer Services expenditure is conducted in three stages :

- (1) Preliminary audit by the Unit Accountant attached to each M.E.S. formation.
- (2) Audit in Controller's main office
- (3) Local Audit by the Regional Audit Officer at the time of his periodical visit to the M.E.S. formation.

**Note:** The term 'Regional Audit Officer' includes 'Local Audit Officer' in areas, where the inspection and review of Local Audit of accounts of M.E.S formations has been entrusted to him.

#### Preliminary Audit by M.E.S Unit Accountant

327. The functions of the AAO of the Defence Accounts Department attached to Engineer offices are three fold :

- (i) As AAO, i.e., maintenance of certain accounts in accordance with the prescribed rules and from the data furnished to him.
- (ii) As primary Auditor, i.e. applying preliminary checks to the initial accounts and vouchers, etc.
- (iii) As Financial Assistant and Adviser i.e. generally assisting and advising the head of the M.E.S formation in all matters relating to the accounts and budget estimates and the operation of financial rules.

328. In the discharge of the duties laid down in para 327, the AAO is expected to keep himself fully conversant with all Government and departmental orders, Army Instructions, etc, connected with his work and with all sanctions and orders passing through the M.E.S office and other proceedings that may effect the estimates or accounts of actual or anticipated receipts and charges.

329. The AAO will see that the rules and orders in force are observed in respect of all transactions which fall within the sphere of his duties. If he considers that any transaction affecting receipts or expenditure is likely to be challenged in audit (by the Regional Audit Officer or the Controller of Defence Accounts) it is his duty to bring this fact immediately to the notice of the head of the formation with a statement of his reasons, and to obtain his orders on the case. Should the M.E.S Officer disagree with him, the AAO shall comply with his orders and concurrently report the full facts of the case to the Regional Audit Officer or the Controller of Defence Accounts, as the case may require. The Regional Audit Officer, if unable to settle the case himself, will report the facts to the Controller of Defence Accounts together with his views for a final decision.

330. The Unit Accountant should bring to the notice of the head of the M.E.S formation all instances in which the subordinate officers exceed the financial limitations placed on their powers. He may also be required by the head of the formation to undertake on his behalf such other scrutiny of the accounts of subordinate officers as the latter may consider necessary.

331. M.E.S officers are required to obtain the advice of their AAO in all matters connected with the accounts of their formation or the application of financial rules and orders concerning which there may be some doubts. In all cases of importance, the AAO will give his advice in writing. While the M.E.S Officers are not precluded from seeking the advice of RAO/CDA, whenever they consider such a course necessary they should first obtain the advice of their AAO vide para 8 M.E.S Regulations and should refer matters to the RAO/C.D.A only when they do not agree with the AAO.

332. The following is the list of the main items of work done in the Accounts sections of M.E.S formations :

(i) Garrison Engineer's office :

- (a) Scrutiny and check of allotments and appropriations.
- (b) Check of bills and other vouchers including allocation before submission to the C.D.A for audit.
- (c) Check of all bills and vouchers paid by the GE/Imprest holding S.D.Os from their Cash Assignment/Imprest.
- (d) Submission of cash book together with the supporting vouchers (which are required to be sent to the C.D.A) in original to CDA : and monthly consolidated punching medium IAF (C.D.A) 336 to E.D.P centre on due dates.

(e) Check of :

- (i) Priced stock list (*i.e.* list containing stock book rates)
- (ii) Stock Purchase Register
- (iii) Register of Securities
- (iv) Register of Approvals to works
- (v) Works Passing Register
- (vi) Road Register (property accounts)

(f) Maintenance of :

- (i) Rent assessment ledger
- (ii) Register of buildings
- (iii) Contractors' ledger
- (iv) Suspense Register
- (v) Register of sanctions
- (vi) Guard file of specimen signatures
- (vii) Register of Measurement books
- (viii) Register of receipt books
- (ix) Register of Unstamped Acknowledgements receipt books
- (x) Register of Requisitions.
- (xi) Duplicate copies of contract agreements and list of contracts.
- (xii) Register of Losses.
- (xiii) Register of Muster Rolls
- (xiv) Master Note Book.
- (xv) Register showing names and initials of SO(A)/AAO and clerks serving in accts/sn.
- (xvi) Register of terminal compensation claims.

- (g) Verification of annual returns of electric and water, etc., installations.
- (h) Check of construction accounts and preparation of abstracts thereof.
- (i) Reconciliation of financial accounts with construction and other accounts and registers.
- (j) Local Audit of all the numerical and quantitative store ledgers, accounts etc., maintained in Sub Divisional offices, issue of objection statements thereon and watching their final settlement through an Audit Progress Register.
- (k) Receipt of the contract documents concluded by the Garrison Engineer and Deviation Orders of all contracts and submission of them to the C.D.A after ensuring that these are properly made out according to standard forms and that all routine requirements are complied with by the executive.
- (l) 'Issue of Quarterly Statement of items held under objection in Form IAF (CDA) 262 to the executive and their submission in duplicate to the CDA by the 15th of the second month following that to which the statement relates'.

(ii) Barrack/Stores office :

- (i) Maintenance of revenue ledgers
  - (a) An upto date record of rentable buildings.
  - (b) Revenue Ledgers
- (ii) Scrutiny and check of occupation returns, returns of recoveries, statements showing hire charges of furniture and refrigerators etc. and posting thereof in the revenue ledgers.
- (iii) Preparation and issue of rent bills and watching the receipt of acknowledgements from the P.A.Os and duplicate copies of the top lists from the Controllers' offices.
- (iv) Audit of Meter Reader Books and Consumer Ledgers of electricity and water, etc.
- (v) Check of :
  - (a) Water and electric bills issued to consumers billed for direct by B.S.O.

- (b) Quarterly vouchers for supply of water to paying consumers under para 712 Regulations for the M.E.S.
- (c) Bills for payment of water and electricity charges to private agencies with the meter readers' books so far as quantities are concerned.
- (vi) Watching the recovery of landing and housing charges billed for by the M.E.S. authorities against private companies.
- (iii) Engineer Parks :
  - (i) Local Audit of all the numerical and quantitative stores ledgers accounts etc, maintained in the Parks and issue of objection statements thereon and watching their final settlement through the audit progress register.
  - (ii) Maintenance of—
    - (a) Register of scheduling of issue vouchers
    - (b) Register to watch linking of consignors' issue vouchers
    - (c) Demand Register
    - (d) Payment issue register (or watching recoveries on account of cost of stores etc, issued to state Govt., P.W.D., C.P.W.D., private bodies, etc.)
 In addition to these, the items marked in the list of items relating to the GE's Office are also normally done in the accounts sections of Engineer Parks.

333. Detailed instructions for the audit by the AAO are laid down in 'M.E.S. AAO Manual'.

334. Blank.

#### Audit in the Controller's Office

335. The audit of M.E.S expenditure in the controller's office is conducted in accordance with the general principles and rules laid down in this Code. Due regard should, however, be paid to the financial rules and orders of the Govt. The main points with reference to which the audit scrutiny should be exercised are the following:—

- (i) the sufficiency of the authority for incurring the expenditure;

- (ii) the accuracy of the classification of the charges against the works, persons, services and heads of accounts concerned;
- (iii) the proof of payment to the correct individual (i.e. through the existence of a properly receipted voucher for all payments, where necessary); and
- (iv) the observance of standards of financial propriety.

336. M.E.S. work in the Controller's Office is mainly dealt with in two sections :

(a) **Financial Advice Section.**—The section deals with the work connected with Local Audit e.g., decisions on references from Regional Audit Officers/Local Audit Officers on audit and procedural matters; draft paras of Audit Report, (Defence Services), examination of Government letters etc and their circulation to R.A.Os/L.A.Os; audit of loss statements, local Test Audit reports, including important preliminary slips containing a definite and a formulated objection; tour review notes; R.A.Os/L.A.Os inspection reports; rendition of appropriation accounts; questions relating to recovery of Licence Fee and allied charges i.e. interpretation of rules in ARI Quarters and Rents and other connected rules and orders;

(b) **Engineer Section.**—The work relating to audit of M.E.S expenditure which will mostly consist of scrutiny and vetting of contracts and amendments and deviation orders thereto and the solution of all disputed items in a contract, audit, and authorisation of claims which are undisputable and present no doubts, will be dealt with in the Engineer Section. In addition, the following items of work will also be done in the Engineer Section:—

- (i) Scrutiny of Administrative Approvals and Technical Sanctions.
- (ii) Check of Appropriations and re-appropriations.
- (iii) Scrutiny of re-appropriation statement of buildings.
- (iv) Scrutiny of demolition statements
- (v) Submission of prescribed Reports and Returns in connection with the accounting and audit of M.E.S expenditure.
- (vi) Scrutiny of Sale Accounts relating to M.E.S
- (vii) Preparation of Annual Review of M.E.S expenditure and Financial Stock-Taking in M.E.S

- (viii) Provision of cash assignment to M.E.S officers
- (ix) Scrutiny of Terminal Compensation claims forwarded by D.L & C authorities as well as the M.E.S
- (x) Preparation and submission of half yearly S.I.O
- (xi) Cases of higher audit objections
- (xii) Audit reports to higher authorities, etc.
- (xiii) Test Audit objections and Draft Paras relating to works

(Note: This list is not exhaustive. For detailed list see para 5 of Office Manual part VIII).

337. Detailed instructions relating to the work done in the above sections of the Controller's Office are laid down in 'Office Manual' part VIII.

#### Local Audit By Regional Audit Officers/Local Audit Officers

338. The main objects of inspection and local audit of M.E.S accounts are:—

- (i) to subject to audit such accounts, vouchers, etc; as are not audited or as cannot be satisfactorily or completely audited in the Controller's main office;
- (ii) to see that the initial records from which the accounts or bills, are prepared or on which they are based, are properly maintained in the prescribed forms and are checked as laid down in the Rules;

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

(iv) to see that the AAO posted by the Controller is efficient and discharges his duties satisfactorily.

339. The Regional Audit Officer/Local Audit Officer and his staff are expected to audit completely and intelligently all transactions of receipt and expenditure which fall, within their respective sphere of check. The Regional Audit Officer LAO will also test check the store accounts of the Sub-Divisional Officers locally audited by the AAO and satisfy himself that the AAO is carrying out his duties satisfactorily. These test-checks should be in the nature of 'sampling' for inculcating in the subordinate executive a wholesome fear, in the auditors a better audit sense and also to see that they do not, by neglect or by collusion defeat the objectives served by the present scope of audit.

340. Detailed instructions relating to the Local Audit to be carried out by the Regional Audit Officers/LAOs at the time of their periodical visits to the M.E.S formations are given in the M.E.S Local Audit Manual.

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## CHAPTER 12

### MISCELLANEOUS ACCOUNTS AND PAYMENTS

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#### Fund Accounts

##### Audit of Fund Accounts

342. The audit of transactions pertaining to Provident Funds controlled by Government mainly consists in seeing that these transactions conform to the rules and regulations governing the administration of each fund and any subsidiary instructions issued thereunder. Subscriptions to a Provident Fund can be received only from such Government servants as are required or permitted by the rules of the Fund to subscribe to it and the amount of subscription must be within the prescribed minimum and maximum limits as laid down in relevant Fund Rules. Having satisfied on these points, it should be seen that :—

- (i) subscriptions are duly and regularly recovered from the Government servants concerned and that interest is calculated at the correct rate;
- (ii) in the case of Contributory Provident Funds, Government's share is properly calculated and brought to account;
- (iii) the accounts of the Fund are correct both in total and in the detailed accounts of the subscribers;

- (iv) a reconciliation between the Fund Accounts of all the subscribers to each Fund and the compiled actuals thereunder is effected monthly as well as annually to ensure correctness of postings;
- (v) the annual statements of accounts are furnished to the subscribers concerned and their certificates of acceptances of balances are obtained in the prescribed manner and properly recorded;
- (vi) a nomination form, duly completed in all respects, has been secured in the appropriate form from each subscriber to the Fund, and the nominations made are in order;
- (vii) the advances are covered by the rules and have been sanctioned by the competent authority and are recovered in instalments fixed by that authority;
- (viii) where an Insurance Policy is proposed to be financed from a Provident Fund, the policy has been assigned to the President that no prior assignment of the policy exists and that evidence of payment of premium is furnished;

- (ix) in cases where a subscriber to a Contributory Provident Fund is permanently transferred to a pensionable service and elects to count towards pension such part of the period, during which he subscribed to the Fund, as permitted by Government, the amount of Government contribution with interest thereon standing to the subscriber's credit in such Contributory Provident Fund is repaid to Government;
- (x) the payment of the claim is made to the proper payee in accordance with the procedure prescribed for such payments and it is so recorded that a second claim on that account can be detected in audit; and
- (xi) a pensioner (Civil or Military) on re-employment in industrial or non-industrial posts including a Gazetted post is permitted to join I.O.F.W.P. Fund only and is not allowed to continue as subscribers to the G.P.F. during the period of re-employment as required under Rule 4 of G.P. Fund (DS) 1960.

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#### Interpretation of Fund Rules

344. The legal position in regard to the provisions in the Government Provident Fund Rules has been dealt with in the Memorandum Explanatory of Government Provident Fund Rules vis-a-vis the law on the subject. All points of doubt in applying the fund rules should be referred by Controller's to the Controller General of Defence Accounts.

#### Protection of Fund Deposits

345. The Provident Fund Act, 1925, protects deposits both during the life time and after the death of the depositor against creditors and also against Government save to the extent contemplated in section 6 of the Act in the case of a Contributory Provident Fund.

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#### Field Cashiers' Accounts

#### Function of Field Cashiers

347. The appointments of Field Cashiers are held by officers of the Defence Services and the Formation Commanders are responsible for ensuring that the Field Cashiers carry out their duties in accordance with the regulations and the accounting instructions issued from time to time by the C.D.A. (Officers).

348. The functions of Field Cashiers and the procedure for the preparation of cash accounts for rendition to the C.D.A. (Officers) are described in detail in Appendix 27 of Financial Regulations Part II. Broadly speaking their main functions in regard to monetary transactions are:

- (i) to keep an adequate supply of funds under arrangements made with the C.D.A. (Officers);
- (ii) to supply funds in bulk to authorised Field Imprest Holders on presentation by them of requisitions on I.A.F.F. 1036;
- (iii) to pay advances of pay to individual officers on presentation of personal cheques, in I.A.F.F. 1034, upto a maximum monthly limit endorsed on the cheque books;
- (iv) to make such other payments as may be specifically authorised by the C.D.A. (Officers), or as directed by the Division/Formation Commander in exceptional cases;
- (v) to accept and to bring to account forthwith all sums tendered by any member of Defence Services (i.e. Officer, soldier or civilian) in settlement of public claims for clothing, etc. issued on payment or as being due to Government on any other account; and
- (vi) to accept and to bring to account in his Cash Book, sums handed in by Field Post Offices for credit to the postal department.

349. The funds are required by Field Cashiers, who have been appointed by competent authority are provided by C.D.A. (Officers) by means of Cash Assignments in their favour on the nearest Civil Treasury or branch of the State Bank of India.

350. The Field Cashiers are required to render daily to C.D.A. (Officers) a cash account, in IAFF 987, duly supported by vouchers, in which all receipts and payments during the day are brought to account. C.D.A. (Officers) will watch for the receipt of daily cash accounts from the various Field Cashiers in whose favour cash assignments have been arranged by his office.

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#### Specimen Signatures

352. A record of specimen signatures of all Field Cashiers will be maintained by C.D.A. (Officers). This register will invariably be consulted at the time of auditing the cash accounts in order to ensure the genuineness of signatures.

**Audit of Field Cashiers' Accounts**

353. On receipt of the daily cash accounts the following points should be seen:

- (i) the account has been rendered in the appropriate form (IAFF 987) and is complete in all respects;
- (ii) the opening cash balance agrees with the closing cash balance in the previous day's cash account;
- (iii) the funds entrusted to the Field Cashier are not utilised for unauthorised purposes (e.g. cashing of private cheques, etc.);
- (iv) the amounts received and disbursed have been correctly accounted for and are supported by the relevant vouchers;
- (v) the amounts accounted for as receipts agree with the amounts drawn from the assignment as intimated by the Treasury/State Bank of India direct, as and when drawals are made;
- (vi) the closing cash balance is correct and does not exceed the maximum limit fixed by the Divisional Commander; and
- (vii) that in the case of final account, the cash balance is paid into the Treasury and the final account is supported by the Treasury Receipt.

354. After the cash accounts have been audited as above, the items of receipts appearing therein will be dealt with as follows:

- (i) credits for all amounts received from Treasuries/State Bank of India will be adjusted under the Defence Proforma Account; Accounting Procedure;
- (ii) credits for postal collections of Field Post offices deposited with the Field Cashiers will be passed on to the D.A.G.P. & T. Nagpur through the Settlement Account;
- (iii) miscellaneous receipts pertaining to Defence Services will be compiled finally under the service heads concerned by the C.D.A. (Officers) in his own books, intimations of recovery being sent to other Controllers, where necessary; and
- (iv) miscellaneous receipts which are required to be adjusted in the books of other audit officers will be passed on to the audit officers concerned through the Settlement Account or Defence Exchange Account, as the case may be.

355. The items of payments appearing in the cash account will be dealt with as follows:

- (1) All advances of pay and travelling allowances etc., paid by Field Cashiers to officers in the payment of the C.D.A. (Officers) will be noted by the C.D.A. in demand registers/I.R.L.As for recovery. Such advances will be initially compiled to a 'Suspense' Head, which will be relieved when the advances have been noted for recovery. The detailed accounting procedure in this respect will be found in the Office Manual, Part IX [Controller of Defence Accounts (Officers).]
- (2) Advances recoverable from officers not in the payment of the CDA(O) will be debited by him to the audit officer concerned through the Defence Exchange Account or through the Settlement Account, as the case may be.
- (3) lump sum advances paid by Field Cashiers to Field Imprest Holders on IAFs. F 1036 will be noted by the C.D.A. (Officers) in a demand register kept separately for each Pay Accounts Officer and intimated on IAFs A 524 to the respective Pay Accounts Officers (Other Ranks) to whom the Imprest Holders render their accounts. Acknowledgements from the Pay Accounts Officers will be watched and on receipt will be recorded in the demand register and the items treated as cleared.

**Note :** Such advances will not be debited to the C.D.A. (Other Ranks) through Defence Exchange Accounts, but will be compiled by the C.D.A. (Officers) by debit to a Suspense Head. The PAOs will credit the same suspense head in their books while adjusting the imprest advances. The detailed procedure will be found in the Office Manuals Part IX and X.

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**Surprise check of Cash Balances**

357. The C.D.A. (Officers) will watch for reports from Divisional or other Formation Commanders on the periodical surprise checks carried out by officers deputed by them of the cash balances held by the Field Cashiers. The cash balances are reported by Divisional or other Formation Commanders will be tallied with the balances as shown in the daily cash accounts (IAFF 987) and any discrepancies found will be reported to the Divisional Commanders for investigation.

**Change of Field Cashiers**

358. In the event of a change of Field Cashiers, the certificate referred to in Para 19 of Appx. 27 of Financial Regulations Part II regarding the physical state of balances on the date of the change as compared with the balance shown in the cash book on that day, should invariably be looked for in audit on receipt of the first cash account of the Field Cashier who has assumed charge.

**Imprest Holders' Accounts**

359. Detailed instructions regarding the preparation and rendition of Imprest Accounts by Imprest Holders are given in Appendix 26 of Financial Regulations Part II.

360. The following special points will be seen in conducting the audit of imprest accounts:

- (1) The account has been signed by the official Imprest Holder.
- (2) All demands received from Regional Controllers, etc., for advances paid to Imprest Holders have been accounted for correctly.
- (3) The closing balance (excluding the postal collections if any, if authorised as per clause 5 below) is within the monetary limit prescribed.
- (4) Cash in bank and cash in hand have been exhibited separately.
- (5) Sanction of the Force/Formation Commander exists for crediting postal collections in Imprest and also for the payments of advance of pay to officers out of Imprest, at stations where banking facilities do not exist.
- (6) No Imprest money has been lent to another Fund or Imprest Holder without the specific authority of the C.D.A. (Other Ranks) nor are loans obtained from any unauthorised source in replenishment of Imprest to meet urgent demands.
- (7) Civilians at peace stations are not paid through Imprests.
- (8) Whenever there is any change of the Imprest Holders a certificate of Imprest holders change is received with the Imprest account.

(9) The following items are not met out of Imprest:

- (a) Advances of travelling allowances less than Rs. 50.
- (b) Local purchase of stationery.
- (c) Bulk local purchase of stores and supplies unless specifically authorised.

Note: If this charge is met out of the Imprest, it should be seen that the Imprest Account is recouped with the amount.

(d) personal allowances.

- (10) A note of the surprise checks (occasional at least once in three months) of cash balances on hand with the Imprest Holder is made in the Imprest Account by the officer who conducted the check.

361. In the audit of acquittance rolls received from Imprest Holders, the following special points should be seen:

- (1) The totals on each page and the grand totals are correct.
- (2) Proper acquittances have been obtained on the acquittance rolls for the amount disbursed.
- (3) The officer detailed for payment is not below the Rank of 2/lieut.

Note: J.C.Os are not authorised to sign acquittance rolls as Paying Officers unless they themselves have been appointed as Imprest Holders by the competent authority vide Appendix 26 of Financial Regulations Part II.

- (4) Alterations in figures have been attested with the full signature of the paying officer.
- (5) In non operational areas, or at places which are not declared as Field Service payment in excess of Rs. 20 to JCOs/W.Os are receipts over 20 paise revenue stamp.

**Supply and Services Imprest**

362. Detailed instructions regarding the provision of supply and services Imprest to all units and formations including Supply Depots are given in Appendix 28 to FR Part II (1968 edn).

Advances towards supply and services Imprest for making payments of different types as envisaged in Appendix 28 to FR PT II and Govt. of India, Ministry of Defence, New Delhi corrigendum no. 67784/Q/STS/4349/D (QS) of 26/8/81 will be drawn from C.D.A. concerned by submission of cash requisition.

On receipt of Cash requisition for drawal of advances the following special points should be seen:

- (1) Request for advance has been made on IAFA 1036.
- (2) Imprest account number allotted by the CDA is quoted on the cash requisition.
- (3) The requisition has been signed by notified authority whose specimen signature is on record. In this connection, the provisions contained in para 6 (a) (b) (c) of the Appendix, *ibid*, refer to in particular.
- (4) It should be ensured that the balances of cash in hand and at Bank plus the amount of advance does not exceed the ceiling monetary limit of Imprest sanctioned by the authorities.

363. The Imprest Accounts will be maintained by the Imprest Holder in form IAFA 821 in duplicate. The account will be a simple chronological record of cash transactions purely for 'Supplies and Services' transactions showing the actual dates and amounts of all receipts and payments from the first to the last day of the month inclusive and the opening and closing balances of cash and shall be submitted duly supported by relevant payment vouchers by the due date, complete in all respects.

The following special points will be seen (besides ensuring strict adherence to the provisions of Appx. 28 *ibid* in general) in conducting the audit of supply and services Imprest accounts:

- (1) The account is submitted on IAFA 821 within the stipulated time and there has been no delay in this regard.
- (2) The account has been signed by the authorised Imprest Holder, in full and the No. of Imprest Account and designation of Imprest Holder have been entered on the top of each account.

- (3) Wherever there is any change of the Imprest Holder, necessary intimation alongwith the specimen signature of the relieving officer has been received.
- (4) (a) The opening balance tallies with the closing balance of the previous month's account.  
(b) The casting is checked
- (5) The amount drawn as advances has been correctly brought on account in the Imprest Account and it tallies with the one recorded in the Supply and Services Imprest Register.
- (6) The procedure prescribed for early settlement of contractors bills and prompt submission of documents in this regard (including 90%/100% ASC bills, casual labour bills and other payments voucher relating to authorised payments effected out of S&S Imprest Account) vide Army Hqrs. QMG's Branch. New Delhi letter No. A/66595/Q/STS/Q1(B) of 1/4/77 is being complied with strictly by the S&S Imprest Holder.
- (7) The amounts shown as expended in the accounts are supported by relevant payment vouchers already received in the CDA's office alongwith the weekly advance schedules and the expenditure so met out of S&S Imprest Account are only for the purpose provided for.
- (8) All the paid vouchers and supporting documents are received as per the details shown in the weekly advance schedules and the missing payment vouchers (pvs) are duly called for.
- (9) The amounts shown as paid as per the payment vouchers in fact tally with the amounts reflected in the IAFA 821.
- (10) In case there have been no purchases during the month a nil account is rendered showing the cash balance.
- (11) Whenever amounts are debited/credited in the account in settlement of discrepancy occurring in the previous account, a copy of the authority for the adjustment has been attached to the account.

- (12) All payments have been regulated through cheques and following certificate has been endorsed by the O.C. Supply Depot in the IAFA 1520 and the contractors' bill after making payment:

“Certified that a sum of Rs.....(in words).....(in figures) has been paid by me on.....To.....Out of Supply and Services Imprest Number.....That the amount has been accounted for in the Imprest documents for the month of.....”

- (13) Payment of labourers when required to be made from the Imprest has been made on the muster roll. One contingent bill per month, for muster roll on which payment has been made during the month has been prepared to support the Imprest account.
- (14) Final closing of Imprest: When the necessity of a sanctioned Imprest account ceases to exist the Imprest Holder will at once pay the cash balance of his account into the treasury on a MRO and forward the treasury receipt alongwith the final Imprest account clearly marked as such.
- (15) Returning of used cash requisition book: Whenever a request for issue of fresh C.R Book (IAFA 1036) is received, it should be seen as to whether such requests are accompanied by the used C.R book. Before issue of C.R book it should be ensured that all the 25 counterfoils including cancelled ones (in which case both the portions of requisitions should be enclosed with the used book duly attested as cancelled by the S&S Imprest Holder) are received and the same are found correct as per the Supply and Services Imprest Register.

Note: In case of units/formations whose S&S Imprest Accounts are finally closed it will be seen that the Cash Requisitions book (of 25 forms) in use will be returned duly indicating the fact as to the C.R forms used and those not brought into use.

- (16) In case any doubts should arise or difficulties be experienced while complying with the requirements and provisions of Appx 28, *ibid*, either by the audit authorities or by the executives, solutions to such issues of variance may please be looked into under Appx 26 of FR Part II on the subject 'Field Imprest Payment Instructions' before referring the matter finally to higher authorities for clarifications.

- (17) All objections/observations relating to post audit of payment vouchers pertaining to S&S Imprest are issued in the form of objection statement to S&S Imprest Holder and pursued through A.P.R.

#### Accounts of Remount Depots

364. Controllers of Defence Accounts arrange for cash assignments at civil treasuries or branches of the State Bank of India and its subsidiaries in favour of Officers Commanding, Remount Depots for meeting all ordinary departmental expenditure except pay and allowances of establishments which are paid by the CDA concerned after pre audit. As an exception, both permanent and temporary class IV establishments of Remount Depots and breeding area may also, with the concurrence of the C.D.A concerned be paid from the cash assignment subject to post audit. These payments are accounted for by the Officers Commanding Depots in a cash account which they are required to render to the C.D.A. concerned so as to reach him by the 10th of the month following that to which it pertains. The C.S.D.A. will watch that the accounts are received from the Officers Commanding, Remount Depots on the due date.

365. The cash accounts will be audited in accordance with the general rules governing the audit of cash expenditure laid down in Chapter 2. The following points will be seen in addition:

- (1) that the cash account has been prepared on the proper form and is duly supported by all the prescribed schedules and vouchers;
- (2) that the cash account and the supporting documents have been correctly prepared and are complete in all respects;
- (3) that the sanctions or orders of the competent financial authority have been obtained, where necessary;
- (4) that bills for the keep of animals are supported by a roll of animals, by classes, in which the number of syces employed is shown. This number should be checked against the number of animals shown on the roll;
- (5) that the bills for food expenses of animals sent to units and formations are prepared on IAFA 78 and the charges on this account compiled as contingent expenditure of the Depot concerned; and
- (6) that the moneys from cash assignments are expended only on the objects for which the assignments have been granted.

**Accounts of Remount Purchasing Officers**

366. Indian Remounts are purchased under arrangements made by Remount Officers in charge of breeding areas, or specially deputed for the purchase. Instructions regarding the number, class and price of animals to be purchased, are communicated from time to time to the Remount Officers concerned by the Director of Remounts and Veterinary Services. Cash assignments for the purchases are arranged by the Controller concerned in favour of the officer on the Treasuries/Branches of the State Bank of India as per the requirement of the officer. These officers are required to render to the C.D.A. concerned a monthly account of receipts and expenditure in IAF 126 supported by IAFA 126 showing the amounts drawn by cheques during the previous month and vouchers for the various items of expenditure. The account is required to be rendered to the C.D.A. not later than the 8th of the month following that to which it relates.

367. On receipt, the account will be audited in accordance with the general rules governing the audit of cash expenditure. It should be seen in addition that:

- (1) Separate accounts are prepared in respect of each class of animals, i.e., horses, mules, camels etc.;
- (2) the disposal of each animal is shown on the face of each voucher which should be supported by a voucher received by the receiving depot or unit;
- (3) the feeding charges are accounted for in the appropriate form prescribed in the Remount Regulations; and
- (4) an explanation is furnished by the purchasing officer if unavoidable delay occurs in the submission of cash accounts.

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**Recruiting Officers' Accounts****Accounts of Recruiting Officers other than those for Gorkhas**

369. Payments for advances of pay, subsistence allowance and railway fares of recruits and rewards and railway fares of recruiters are made by Recruiting Officers (except Recruiting Officers Gorkhas, Kunraghat, Laheria Sarai and Ghoom) from the permanent advances granted to them for this purpose. Expenditure incurred against advances will be recouped on submission of detailed bills of expenditure on IAFA 115 supported by triplicate and quadruplicate copies of the nominal roll on IAFK 1168.

370. On receipt of these bills they should be checked with reference to the rules in Pay and Allowances Regulations and Travel Regulations and with the monthly returns submitted by Recruiting Officers of recruits passed or rejected. It will be seen that the number for whom subsistence allowance, railway fares, advances or rewards are drawn does not exceed the number shown in the returns. The advances of pay paid to accepted recruits on Nominal Rolls will be noted by the C.D.A. in the demand register and the demands will be cleared on receipt of the acknowledgements from the Pay Accounts Offices concerned.

371. The Pay Accounts Offices concerned will open an I.R.L.A. for each accepted recruit on the basis of Part II Orders and debit therein the amount of advance of pay and ration money, if any, with reference to the duplicate copy of Nominal Rolls received from the Regimental/Corps Training Centre. They will then watch receipt of the triplicate copy of Nominal Rolls together with the list of R.O. advances from the CsDA and on receipt, acknowledge them and carry out the consequential action.

372. The procedure in para 368 above will equally apply to recruits who become non effective for any reason before their arrival at the Regiment/Corps Training Centre, and any amount which cannot be adjusted against any pay due, will be written off under orders of the competent financial authority.

373. Blank.

**Accounts of Recruiting Officers for Gorkhas**

374. Monthly cash assignments are placed by the C.D.A. Central Command at the disposal of the Indian Army Gorkha Recruiting Depot and Record Office, Kunraghat, for disbursements to or on behalf of Gorkha personnel. Similarly assignments are placed by the C.D.A. Patna at the disposal of the Indian Army Gorkha Recruiting Depot and Record Offices, Laheria Sarai and Ghoom.

375. The following procedure will be adopted by the C.D.A. who provides the cash assignment in respect of the payments to Gorkha personnel on various counts detailed below:

- (a) Acquittance Rolls (IAFF 1114) for payments to personnel proceeding on leave and forms R.O.G. 26 for payment of family allotment and special family allowance remittances: The original vouchers received with the general state of accounts will, after a preliminary check and note of the amount in the demand register, be forwarded to the Pay Accounts Offices concerned supported by a list of advances paid. The demands will be cleared on receipt of the acknowledgements from the Pay Accounts Offices.

- (b) Acquittance Rolls (IAFF 1114) for payments to Released/Discharged personnel and forms R.O.G. 21 for payments of estates: These vouchers are required to be supported by payment authorities (IAFA 468) issued by the Pay Accounts Offices. Payments will be debited to C.D.A. (ORS) through Defence Exchange account supported by acquittance rolls and original payment authorities. PAOs will debit the I.R.L.A. concerned and close it to nil balance.
- (c) Vouchers on account of payment of Pending Enquiry Awards, death gratuities: An intimation of the payments on the above account is sent by the Recruiting Officer to the Record Offices concerned. The intimations are supported by the relevant vouchers and IAFA 507 (Receivable order) for crediting the amounts to Govt. to the credit of C.D.A. C.C. Meerut, or the C.D.A. Patna, as the case may be. The treasury receipts are sent to these Controllers for adjustment. At the time of audit of the Recruiting Accounts, the payments on the above account appearing therein will be noted in the Demand Register. When the Treasury receipts are received from the Record Office concerned, the demands will be removed.

376. Blank.

### Military Treasure Chest Accounts

377. The rules for the guidance of Officer in Charge, Military Treasure Chests, are given in Appendix 7 Financial Regulations Part II (Revised edition 1968).

378. On receipt in the audit of the monthly accounts referred to in para 7 of that Appendix, it will be seen that all receipts, other than cheques drawn, are supported by receivable orders or challans or Postal memo signed by competent authority, and that lists of cheques drawn are furnished. The payments should be supported by vrs. or discharged cheques. The receipts and payments appearing in the monthly accounts will then be compiled in the manner laid down in para 299 Defence Account Code. See also para 267 *ibid.*

379. The entries in the monthly accounts should be checked with those in the daily lists of receipts and payments, and it should be seen that the cash balance agrees with that shown in the certificate of verification of cash balance by Military Treasure Chest Board. If the monthly closing balance in any month is unduly large, the Officer in Charge, Military Treasure Chest, should be instructed to reduce the balance immediately either by short drawing or by a remittance into the Treasury or the Bank.

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## CHAPTER 13

### PENSIONS

#### Pension Claims

Audit of pension claims

Payment and audit of pensions

Allocation of pensions among different Govts.

Commutation of pensions

#### Pension Claims

383. The claims for the grant of pension to under-mentioned categories of individuals paid from Defence Services Estimates are dealt with by the C.C.D.A.(P) Allahabad:

- (i) Service personnel of the Army.
- (ii) Civilian personnel (including civilians of the Defence Accounts Department).

The Chief Controller of Defence Accounts (Pensions) Allahabad, is the competent authority to sanction the pension claims/gratuity to the above categories of personnel/civilian: However, the Controller of Defence Accounts (Navy) Bombay and Controller of Defence Accounts (Air Force) New Delhi are the competent authorities to sanction the pension claims/gratuity in respect of Navy and Air Force respectively who retire/die while in service on or after 1st November 1985.

384. With the exceptions of certain categories specifically mentioned in various Pension Regulations, as amended from time to time, the authority to sanction pensions to the personnel mentioned in Para 383, is vested in C.C.D.A. (Pensions), CDA (Navy) Bombay and CDA (AF) New Delhi. In cases where the authority to sanction pension is not vested with C.C.D.A. (Pensions), CDA (Navy) Bombay and CDA (AF) New Delhi, they submit an audit report, on the admissibility of each claim, to the prescribed sanctioning authority. In both cases, before sanctioning pension or submitting an audit report to the sanctioning authority, the CCDA (Pensions)/CDA (Navy) Bombay/DCDA (AF) New Delhi (as the case may be) should verify that the qualifying conditions are fulfilled and that the amount of pension sanctioned or recommended for sanction is admissible under the relevant rules.

In cases where a pension is sanctioned by a duly authority, on receipt of the order of sanction of C.C.D.A. (Pensions) should, before authorising payment of pension, check that the sanction conforms to the report made by him.

Note: Except in disciplinary cases viz. Cast out, dismissal, removal from service, rendition, audit report has been discontinued for authorisation of commuted value of pension for payment in case of commissioned officers.

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#### Audit of Pension Claims

386. The following main points will be observed while auditing the pension claims:

- (1) that the claim is duly supported by all relevant documents, i.e. Certificates, deductions, report of the medical board etc. as required under rules;
- (2) that the qualifying conditions governing the grant of pensions as laid down in Pension Regulations (Defence Services) or C.C.D.A. (Pension) Rule 1972, according as they are applicable, are duly fulfilled;
- (3) that, in cases when a pension is dependent on the length of an individual's qualifying service, the verification of service is properly carried out by reference to the audited Army/Air Force/Navy list, sheet rolls, service books, history of services, etc. as provided under rules and the qualifying service is correctly determined;

Note: In cases of Commissioned Officers, verification of qualifying service is established with reference to the full pay commissioned service certificate rendered by the CDA (CO) Pune as well as audited Army list.

- (4) that the report of the Medical Board in support of the claims for disability pensions on account of disabilities attributable to or aggravated by Military service is complete in all respects and the report has been prepared in accordance with the rules laid down on the subject; and
- (5) that, in the case of claims for family pensions, the claimant is correctly eligible under rules to receive the pension and is not disqualified by reason of age limit, remarriage or employment under Government, etc.

387. The essential conditions, subject to which service qualifies for pension under the Civil Service Regulations are generally that the service must be under, and paid by Government, and shall commence from the date he takes charge of the post to which he is first appointed either substantively or in an officiating or temporary capacity.

388. When sanction has been accorded by the competent authority, the grant of pension is notified forthwith in pension payment orders by the CCDA (Pensions).

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#### Payment and Audit of Pensions

390. The payment of pensions is arranged in communication with Pension Disbursing Officers viz. Treasury Officers/P.S. Banks/DPDOs, by the C.C.D.A (Pensions), CDA (Navy)/DCDA (AF) New Delhi for various categories of pensioners. The responsibility for the audit of pensions also devolves on CCDA (P).

391. All grants and payments of pensions should be recorded in the Audit Cards (Audit Registers in the case of Imperial Pensioners). These audit cards and registers will contain all particulars affecting the pension. Whenever pensions are payable for a limited period, or depend on the continuance of some particular condition, such as temporary disability pensions, pensions of male orphans, family pensions, etc, the conditions on which its continuance is dependent, will be noted in the pension audit cards or audit registers. The payments of pensions will be noted therein after audit.

392. The Pension Audit Cards and Audit Registers will invariably be consulted while auditing pension payments.

393. The audit of payment of pension besides testing the formal accuracy of the vouchers, consists broadly in seeing the following special points:

- (1) the pension schedules/journals are prepared on the prescribed forms and are signed by the Pension Disbursing Officers;
- (2) the particulars of the pensioners as shown in the bills, schedules or journals agree with those entered in the Pension Audit Cards or Audit Registers;
- (3) the rules regarding the identification of pensioners are duly observed by the Pension Disbursing Officers. The identification of the person drawing the pension with the person to whom the pension was granted is an essential audit check. For the due performance of this check, the Controller has necessarily to rely on the disbursing authority;
- (4) the pensions have been duly sanctioned and the amount of pension paid is correct as notified in Pension Payment Orders and entered in the Pension Audit Cards or Audit Registers;
- (5) the various conditions attached to the grant have been fulfilled;
- (6) payments of family pensions, childrens allowance or disability pensions, where sanctioned for a limited period, are not made beyond the period for which they have been sanctioned;
- (7) the prescribed certificates and declarations, regarding non employment widowhood, etc, wherever necessary, have been duly signed and attested, where required, by persons authorised to do so;
- (8) the demands noted in the pension payment orders or the Govt. dues otherwise realisable from pensioners are being recovered;
- (9) payments of arrears claimed after more than a year as also payments to convicted pensioners are supported by the sanction of the competent authority; and
- (10) the prescribed life certificate is furnished by the pensioner if he does not appear in person to receive the payment.

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### Allocation of Pensions among Different Governments

395. While classifying the pensionary charges care should be taken to see whether any portion of the pension is debitable to another Department/Government. The charges on account of pensions of Govt. Servants, who have served under more than one Government are distributed among the Governments concerned in accordance with the rules of incidence accepted by them. The rules accepted by various Govts. are set out in Appx 3 to Account Code Volume I. See also Appx 2 to Defence Account code. The broad principle underlying these rules is that the pension of a Govt. Servant is distributed among the several Govts. in proportion to the length of his service under each.

Note: In cases when an individual has served in Central Govt. Department, the liability of pension including gratuity will be borne in full by the department to which the Government servant permanently belongs at the time of retirement. No recovery of proportionate pension need be made from other Central Departments under whom he had previously served.

### Commutation of Pensions

396. The rules regarding the conditions of service of government servants in Def. Services provide for a portion of a Govt. Servant's pension being Commuted for a lump payment. The procedure for such Commutation is prescribed in the Pension Regulations (Defence Services), the CCS (Commutation of Pension) Rules, 1981 and other relevant orders issued from time to time.

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## CHAPTER 14

### IMPORTED STORES

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#### Invoices and Packing Accounts

##### I—Stores procured through the Director General India Supply Mission London

399. The general rules regarding the receipt and disposal of packing accounts and invoices are contained in the Regulations for the Army (1962).

400. The invoices, on receipt by the Controllers of Defence Accounts will be checked to see that all stores detailed therein are for the Defence Services and pertain to the accounts dealt with by them. If any items pertain to the other areas or departments, Controllers will at once send the invoices or extracts from them to the Audit Officers concerned, showing in the case of extracts, the proportion of freight, etc, chargeable on the stores.

**Note:** A register of invoices will be maintained on I.A.F. (CDA) 612, to record the receipt and disposal of invoices and other connected details such as intimation to the D.G.I.S.M. London, of the discrepancies and damages attributable to the suppliers in the U.K. For detailed instructions for the maintenance of this register, see sub Para-2 of Para 598 of Office Manual Part II, Vol. I.

401. The calculations in the invoices for which debits are received through the Inward London Account Current will be checked to the extent of 10 per cent of the items of each invoice. The selection of the items to be checked in full arithmetically will be made personally by the officer-in-charge and his orders recorded in writing. In selecting the items for test check, preference will be given to those of larger money value. If however, the number of errors noticed is large, the percentage check should be suitably increased. Errors and discrepancies of greater value than one shilling in each invoice will be reported by the Controller to the Director General, India Supply Mission, London, who will remove the discrepancies in the invoices by forwarding amended invoices, the receipt of which should be watched.

**Note:** The arithmetical check prescribed in the above para need not be exercised over the invoices in respect of the stores procured through D.G.I.S.M. London for which the expenditure is finally booked in England and which are also subjected to audit by the Director of Audit in the U.K.

402. Two copies (returnable and landing officer's copy) of the packing accounts are sent by I.S.M., London, to the Landing Officer and one copy (retention copy) is sent direct to the consignee. In the case of stores despatched by parcel post, two copies of the packing accounts are despatched to the consignee direct and one copy (Landing Officer's copy) is despatched to the D.G.S. & D., New Delhi.

The 'returnable copy' of the packing account in the case of stores despatched by sea or civil air will be despatched to the ultimate consignee by the Landing Officer within 15 days from the date of despatch of the consignment. The ultimate consignee must return the 'returnable copy' to the Landing Officer duly completed through the L.A.O. & C.D.A. within 3 months from the date of despatch of the packing accounts by the Landing Officer. This period will be prescribed by the Landing Officer in the memorandum forwarding the packing account. In the case of stores despatched by parcel post/air the consignee must return the 'returnable copy' of the packing account to the D.G.S. & D., New Delhi, duly completed within 1½ months. This period will be prescribed by the D.G.S. & D. in the memorandum forwarding the packing accounts. The audit will be carried out with reference to the retention copy.

The consignee will check the packing accounts and prepare necessary CRVs for the stores received and note on both the copies of packing accounts, the Nos. and dates against the items concerned of the CRVs as well as any damages and deficiencies discovered. The 'retention' and 'returnable' copies of the packing accounts will then be forwarded by the consignee together with the CRVs to his LAO who will:

- (a) compare the damages and deficiencies noted on the 'Retention' and 'Returnable' copies of packing accounts;

- (b) check the packing accounts with C.R.Vs;
- (c) retain the C.R.Vs for verification of credit in the ledger;
- (d) return the 'Retention' Copy of the packing account to the consignee; and
- (e) forward the 'Returnable' copy to the CDA.

Note 1. In the case of A.F. Stores imported, the 'Retention Copy' will be sent to Air Hqrs (Directorate of Equipment), New Delhi and not direct to the A.F. Consignee by I.S.M.

Note 2. The return of packing account (returnable copy) in respect of freight cases and all civil air consignments of A.F.

- (a) cleared by Embarkation Hqrs, Bombay from Santa Cruz, will be watched by that Hqrs, and
- (b) cleared by P & F Unit, A.F. Palam, will be watched by Hqrs (Directorate of Equipment).

403. On receipt of the 'Returnable' copy of the packing account, the C.D.A. will:

- (a) pair the same with the original invoice received by him from the C D A (Hqrs), New Delhi;
- (b) note on the copy of the invoice
  - (i) the numbers and dates of the relevant packing accounts and corresponding C.R.Vs on which the stores have been brought to account by the consignee and
  - (ii) discrepancies found between the invoices and the packing accounts and also all damages or deficiencies as shown by the consignee on the packing accounts;
- (c) complete the invoice register IAF (CDA) 612; and
- (d) forward the packing accounts to the Officer Landing the stores for transmission to the U.K.

Note 1: All Defence parcels are cleared and distributed to the consignees by the Embarkation Commandants concerned.

Note 2: Packing accounts for books and publications issued free to units and formations do not pass through the Controllers. These are returned direct to D.G.I.S.M., London, by consignees concerned.

Note 3: For the adjustment of the price of U.K. Stores received by Military Farms, see Para 194, Stores Accounting Instructions for the Army, 1965 edition.

Note 4: All imported A.S.C. Stores are received by the Food Inspection Unit at the Port which accounts for the same and distributes them to different A.S.C. Consignees. The packing accounts for these stores are received by the Food Inspection Unit at the port and the invoice by the C.D.A. in whose audit area the port is located.

404. After the invoices have been dealt with as above, duplicate copies of those pertaining to Ordnance and Clothing Factories and Military Farms will be forwarded to the Accounts Officer Factory/ Officer in Charge or Manager of the Farm concerned for use in his office in connection with the manufacturing accounts of the Factories or the production account of the Farms, etc.

405. At the end of every quarter, the invoice register should be reviewed and those invoices in respect of which the returnable copies of packing accounts have not been received from the L.A.Os should be sent to the L.A.Os for linking with any copy of the packing account that may be available with the unit and the C.R.V. or in the absence of any copy of the packing account with the C.R.V. Only. On receipt of the invoices from the Cs.D.A., the L.A.Os should take prompt action for their linking with packing accounts/C.R.Vs and return them to the Cs.D.A. with C.R.V. Nos; and discrepancies if any, noted on them without delay. The returnable copies of packing accounts will be sent to the Controllers as and when they are received duly endorsed with the appropriate C.R.V. Nos. and discrepancies if any. A quarterly report will also be sent by each L.A.O. to the C.D.A. indicating--

- (a) those invoices in respect of which credit for stores could not be verified, due to non receipt of stores, diversions or other reasons;
- (b) those invoices for which corresponding/ returnable copies of packing accounts have not been received but credit for the stores have been verified; and
- (c) cases in which stores have been brought on charge but no corresponding packing accounts or invoices have been received.

Note 1: Objections regarding non-production of the returnable copy of the packing accounts in respect of (b) above may be submitted to C.D.A. for waiver. CsDA should watch for the return of the invoices from the L.A.Os through the invoice register. LAOs will also maintain manuscript registers showing the details of the invoices received by them from the Cs.D.A. and the action taken thereon.

**Note 2:** In cases where the L.A.Os link the invoices sent to them with the returnable copies of the packing accounts, the pairing between these documents will be done by them and not by the Cs.D.A. In other cases the pairing should continue to be done in the Controller's Office.

## II.—Stores procured through India Supply Mission, Washington/Canada and other Overseas Agencies

**406.** The procedure laid down in Section I above is also equally applicable in respect of stores imported through I.S.M., Washington/Canada and other Overseas Agencies with the difference that the two copies of the packing accounts are substituted by two copies of invoices and the disposal of the invoices by Landing Officer in this case is the same as that of packing accounts in the case of shipments effected through the High Commissioner for India in the U.K. (D.G.I.S.M.). The distribution of the shipping documents is as prescribed in Appendix 'S' to 'Regulations for the Army' 1962 edition.

**Note:** In the case of stores despatched by post/air parcel no packing accounts are issued by I.S.M. Washington, in respect of consignments despatched from U.S.A. to India. Hence the procedure laid down in para 402 will not be applicable for watching the return of packing accounts.

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#### Freight Charges

**408.** Freight charges on imported stores are paid as indicated below:

- (i) Stores shipped on commercial vessels freight is payable or adjusted in India.
- (ii) Stores shipped on commercial vessels by various Government of India's sponsored agencies (India Supply Mission) freight is normally payable in the country of shipment.

#### Claims Procedure

**Note:** The procedure described below applies to all types of imported stores intended for all the three services with the exception of the explosives handled by Naval Armament Stores Officer, Bombay for which see para 499.

**409.** The responsibility for handling claims for damages and short landed items including losses/damages sustained to stores shipped commercially insured, will be that of Embarkation Commandant concerned, who will deal with them from the time of initiation to the time of their payment or final rejection.

**Note:** All claims for shortlandings or damages involved in respect of Steel Imports Control India through the port of Calcutta, will be initiated by Steel & Steel Controller, Calcutta, and not by the consignee.

**410.** A copy of the claim on account of stores short-landed/damaged will be forwarded by the Embarkation Commandant to the C.D.A. in whose audit area the port is located for watching the progress of the claim. The amounts recovered from the Shipping Companies will be credited into the bank treasury on IAFA-507 (Military Receivable Order duplicate) and the deposition copies of Military Receivable Orders (viz original copies) duly received by the bank/treasury will be forwarded to the C.D.A. concerned in whose area the port is located. In case of credits on account of Naval and Air Force stores also, the treasury receipts will be forwarded to the Regional C.D.A. in whose area the port is located. That C.D.A. will finally compile the recoveries to the appropriate receipt head under Major Head 0076 Army, 0077 Navy, 0078 Air Force and 0079 Ordnance (Fys) according to the nature of the stores.

**411.** Losses on account of stores short-landed/damaged which are irrecoverable from the consignees including the claims dropped by the Director of Stores Movements and the Embarkation Commandant concerned within their powers, will be dealt with the consignees' and as cash losses in accordance with Rule 411 F.R. Part I Vol I 1983 edition and para 1127 Stores Accounting Instructions for the Army 1962 edition without holding a Court of Inquiry.

**412.** A register will be maintained by the Embarkation Commandant showing the progress made with all claims preferred by him. The register will be open to inspection at any time by the Audit Officer.

**413.** The detailed 'Claims Procedure' is laid down in 'Stores Accounting' Instructions for the Army, 1962 edn and Para 1127 et. Seq. of Regulations for the Army (1962) as amended and orders issued from time to time.

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CHAPTER 15

AIR FORCE ACCOUNTS

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Section I—Public Fund Accounts—Air Force

416. The organisation of the Air Force provides for the posting of one or more officers of its Accounts Branch at each Air Force station. Their duties in connection with the Public fund accounts are mainly:

- (i) to make payments against entitlements of pay and allowances to service and civilian personnel of the A.F. whose accounts are maintained on the IRLA systems;
- (ii) to make payments of monthly pay and allowances to temporary civilian establishment of non-industrial class IV status. e.g lascars, sweeper, coolies, water carriers, etc.
- (iii) to pay all other authorised charges, such as travelling allowance, contingent charges, expenditure on local purchase, etc.

Note: If an officer other than of the Accts Branch is posted at a station for the discharge of the above mentioned functions, he is designated as 'Imprest Holder'.

417. The payments made by Accountant Officers/Imprest Holders, if not already pre-audited and authorised for payment by the C.D.A. (Air Force) are subject to post-audit by him.

418. Another distinctive feature of the Air Force accounts is that their public fund accounts are generally maintained on a station basis and not separately for each unit at a station. The units responsible for maintaining these accounts are termed as 'Self Accounting Units' such units are approved and notified by the Govt. of India from time to time.

419. The CDA(AF) supplies funds to Command Headquarters for distribution to the units under their administrative control on submission of cash requisitions IAFF(F) 1502. Units under the direct administrative control of Air Hqrs obtain their funds from the C.D.A.(A.F.). Cash requisitions are submitted fortnightly in sufficient time to admit the funds being made available to them not later than 8th and 22nd of each month.

While providing funds, the C.D.A.(AF) should see that the amount demanded is not unduly excessive. If at any time cash is required in excess of normal requirements, particulars of the additional requirement must be given in detail on the requisition. Not later than the 3rd day of each month, every unit sends to the C.D.A.(AF), a copy of the Cash Book on IAFF(F) 1501 duly supported by schedule of sub vouchers [IAFF(F) 1505] and the original copies of vouchers mentioned therein.

420. A register of specimen signatures of all Accountant Officers/Imprest Holders is maintained by the C.D.A. (Air Force). This register will invariably be consulted at the time of payment of cash requisitions and audit of the public fund accounts in order to ensure the genuineness of the signatures.

421. The monthly Public Fund Accounts will, on receipt be checked to see:

- (1) that the account is prepared on the prescribed form IAFF(F) 1501 and is complete in all respects, that the contra entries (e.g. withdrawal of cash from the bank/treasury appearing as a 'Payment' in the bank column and as a 'Receipt' in the cash column) are cross linked, and that the grand totals of receipts and charges, excluding contra items agree with those of the summary on the last page of the account;

- (2) that the opening balance agrees with the closing balance of the previous month's audited account;
- (3) that all the moneys drawn have been duly brought to account;
- (4) that the account is duly supported by all the prescribed vouchers, acquittance rolls, etc;

**Note I:** In the case of payments to the A.F. Personnel (including civilians) whose accounts are maintained on I.R.L.As, the original copies of acquittance rolls are sent direct to the A.F. Central Accounts Office and the Public Fund Account is supported by copies of form IAFF(F) 1505, tabulating the acquittance rolls sent to the Accounts Office.

**Note II:** In the case of payments to civilians of Air Force units/formations for whom no I.R.L.As are maintained, the pay bill cum acquittance rolls together with the supporting documents are despatched direct to pay section of the office of the C.D.A.(AF) in three batches and the Public Fund account is supported by copies IAFF(F) 1505 tabulating acquittance rolls sent to pay section.

**Note III:** Vouchers under series 'D' 'E' 'J' in receipt side, 2A, B,C,D and E in payment side will be handed over/forwarded in case of outstation units to LAOs/GSLAs and Public Fund account is supported by copies of IAFF(F) 1505 tabulating the vouchers sent to LAO(AF)/GSLA.

- (5) that the totals of all vouchers, acquittance rolls form IAFF(F) 1505 are correct and have been correctly accounted for in the Public Fund account;
- (6) that the bank balance statements and the bank reconciliation statements have been submitted with the Public Fund account and the details recorded therein agree with the balances shown on IAFF(F) 1501;
- (7) that the closing balance has been correctly worked out and is not unduly high; and
- (8) that the certificate as regards the counting and verification of the balances, both in hand and at the bank/treasury, has been signed by the Officer Commanding in the space provided for the purpose on IAFF(F) 1501.

422. The audit of transactions accounted for in the Public Fund accounts will be carried out in accordance with the general rules for the audit of cash expenditure laid down in Chapter 2 and the special points mentioned in the following paragraphs.

423. In the case of payments to A.F. Personnel including civilians, whose accounts are maintained on the I.R.L.As, the copy of I.A.F.F.(F) 1505 received in support of the Public Fund accounts will be paired with the copy received from the A.F. Central Accounts Office containing a certificate to the effect that the amounts shown therein have been debited in the I.R.L.As of the personnel concerned.

424. Payments to temporary civilian establishments of non-industrial class IV status are made monthly in arrears on acquittance rolls-cum-pay bills. These are audited with reference to the last audited acquittance rolls-cum-pay bills. The general procedure for the audit of pay bills of similar establishments on the army side laid down in chapter 7 will be followed in auditing these payments.

425. Where payments are to be adjusted by Book Debit (such as payments made from Air Force sources to the personnel of the Army and Navy) or by cash recovery appropriate action will be taken and the recovery watched through the demand or other registers.

426. Where washing allowance has been paid to airmen, a certificate of the Officer Commanding the unit exists to the effect that the free services in kind were not available to the individuals concerned and that the allowance has been paid only to such airmen as were actually on the strength of the unit excluding those absent without leave, sick in hospital and undergoing sentence of imprisonment.

427. **Washing Bills:** These bills generally relate to washing of airmen's service clothing and of barrack and sick quarters. In conducting audit over these bills it will be seen:

- (a) that the payments made are in accordance with the rates specified in the contract agreement,
- (b) that the total expenditure on account of washing of airmen's service clothing does not exceed what it would have cost to the State had the cash allowance as prescribed by Govt from time to time been granted,

- (c) that the certificate of the Equipment Officer exists to the effect that the services rendered are satisfactory, and
- (d) that the claims are supported by certificates prescribed by Air Hqrs.

**428. Tailoring bills:** These bills generally relate to:

- (i) repairs and alterations to airmen's clothing articles; and
- (ii) manufacture of kit (special size)

The bills will be checked to see:

- (a) that payments for repairs and manufacture of clothing are in accordance with the contract agreement;
- (b) that no items of personal clothing except at the time of initial/replacement issue is repaired at public expense;
- (c) that in the case of manufacture of clothing articles such as Warrant Officers' coats or special size clothing, the C.R.V. Containing a certificate from the Equipment Officer that the articles have been brought on charge, is furnished, and
- (d) that in the case of bills on account of repairs and alterations at public expense the claims, are supported by form IAFF(Q) 415 (Old Form 350) in duplicate, duly completed.

**429. Air freight bills:** Air Force stores, the urgent movement of which is essential, may be despatched by Air by Civil Air Lines after obtaining sanction from the appropriate authority. A.O.G. (Aircraft On Ground) Equipment may be despatched by Civil Air Lines within Indian limits (also to and from abroad) whenever imperative and if at the time of despatch, service aircraft is not available. While auditing the claims on account of these air freight bills, it will be seen:

- (a) that the despatch of Air Force stores by civil air lines is restricted to:
  - (i) Aircraft On Ground (A.O.G.) equipment;
  - (ii) those under special instructions issued by Air Headquarters with the prior sanction of the Government of India; and

- (iii) in case of emergency and operational requirement, non A.O.G. Stores may be despatched by civil aircraft under the sanction of the Chief of Air Staff/A.O.C. in-C.

- (b) that, when freight is not paid in cash at the time of booking, the air passage warrants and a way bill are attached to the bills duly endorsed with the authority for the despatch of the equipment by air; and

- (c) that the rates charged by the companies, for stores despatched within Indian limits are correct with reference to their freight tables notified from time to time.

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#### Section II—Audit of I.R.L.As. of Air Force Personnel

**432.** The Individual Running Ledger Accounts of Service and Civilian (other than non-industrial civilian labour) personnel of the A.F. are maintained by the A.F. Central Accounts officer—a service organisation under the administrative control of Air Headquarters. The audit of these accounts is carried out by the Controller of Defence Accounts (Air Force).

**433.** All documents and information requiring action in the I.R.L.As are initially received in the Voucher Registry Section of the A.F. Central Accounts Office where they are serially numbered and entered in the 'Control Registers'. After I.R.L.A., action by the different Ledger Groups they are recorded in the Voucher Registry. The Audit staff selects arbitrarily from the 'Control Registers' the prescribed percentage of the documents to be audited. These documents are collected and after audit returned to the Voucher Registry.

**434.** The I.R.L.As are closed monthly by the A.F. Central Accounts Office and monthly summaries are prepared. The audit on these accounts and the connected documents will also be carried out on a monthly basis. (The quantum of audit of IRLAs will normally be 33½%, unless a lower percentage is specifically indicated for any item. The percentage should be increased if the state of accounts is found unsatisfactory). Selection of documents to be audited should be made arbitrarily but the formula adopted for selection will be recorded and varied at each audit.

435. The audit of I.R.L.As will be carried out as follows:

- (a) Check the 'Opening Balance' (from the previous month's 'Closing Balance'), check the castings of all debit and credit entries relating to that month.
- (b) Check every entry (for the month) in the 'Credits' portion into the 'Audit Register' portion or into intimations of miscellaneous credits.
- (c) Check every credit entry in the 'Audit Register' portion which claims to be based on a Govt. Gazette or other orders or Personnel Occurrence Reports of a date or serial number subsequent to those subjected to last audit into the Government Gazette or other orders or Personnel Occurrence Reports.
- (d) Check that pay has been drawn with reference to dates recorded in Last Pay Certificates or the appointment orders, etc. in cases of officers newly transferred or newly appointed for whom I.R.L.As are opened.
- (e) Check every debit entry (for the month) in the 'Audit Register' portion, requiring a Debit against the individual into the 'Debits' portion of the I.R.L.A.
- (f) Take one third of the entries (of the month) in the 'Debits' portion of the I.R.L.As and check into the monthly summary.
- (g) Income tax—In the I.R.L.As selected for audit, it should be seen that Income tax has been recovered at the appropriate rate from those liable to tax.
- (h) All grants of leave are annotated in the 'Audit register' portion of the I.R.L.As quoting the relevant Personnel Occurrence Report entries. It will be seen in audit that the leave, pay and allowances have been correctly regulated for the period of leave granted.
- (i) Credit entries will invariably be traced from the I.R.L.As into the relevant documents and vouchers. Debit entries will be traced from the vrs., such as, Personnel Occurrence Reports, Office Orders, etc. into the I.R.L.As.
- (j) Check that each newly opened I.R.L.A. and/or continuation sheet has been authenticated with A.F. CAO's stamp and signed by the Accountant Officer/Officer-in-Charge of the section concerned.

- (k) Check that the demands (e.g. Advances for the purchase of conveyance, etc) which are recoverable in more than one instalment through the IRLA are annotated in the demand columns of the I.R.L.A.

436. The following checks will be exercised on the other connected documents:

- (i) **Forms-1505:** Check that all the Acquittance Rolls relating to Forms-1505 have been duly entered in the voucher registers maintained by the A.F., Central Accounts Office and that the amounts of Forms-1505 agree with the acquittance rolls.
- (ii) **Acquittance rolls:** Trace the entries on the rolls into the 'Debits' portion of the I.R.L.As.
- (iii) **Personnel Occurrence Reports:**
  - (a) Check all the debit entries from P.O.Rs into the I.R.L.As Recurring Debits should be traced into the 'Audit Registers' portions and non-recurring debits into the 'Debits' portion of the I.R.L.As.
  - (b) Entries relating to the grant of leave appearing in the P.O.Rs will be checked from the P.O.Rs into the 'Audit register' portion of the I.R.L.As. It will be ensured that the period of leave granted does not exceed the permissible limits.
- (iv) **Miscellaneous demands, e.g. Loss statements, Hospital Stoppage Rolls, Payment Issue Vouchers, L.F. Bills, etc.:** Recoveries will be checked from the demand notifications into the I.R.L.As.  
 Recurring demands will be checked from original documents into the 'Audit Register' portion of the I.R.L.As, except in the case of family allotments, the debits on account of which will be checked from the original lists into the 'Debit' portion of the I.R.L.As. In the case of recurring recoveries, such as, L.F. Bills, etc., a general scrutiny will be exercised, in addition to percentage check of the credits, that there are no obvious omissions of such recoveries.
- (v) **Orders affecting emoluments:** Gazette Notifications, Government Orders and letters issued by other authorities will be checked into the 'Audit Register' portion of the I.R.L.As. In the case of non recurring debits/credits the check will be into the Debit/Credit Portion of the I.R.L.As.

- (vi) **Fund Deductions:** Recoveries will be checked from the statements into the 'Debits' portion of the I.R.L.As.
- (vii) **Family Allotments:** The payments will be checked, to the extent of 10 percent with reference to the proof of payments, i.e. Payees' acknowledgements. Undelivered family allotments will be verified in the forms 1505 received from the C.D.A. (Air Force) and from there linked and traced into the respective I.R.L.As.
- (viii) **Monthly summaries:**
- (a) Check the vertical castings of the summaries.
  - (b) Check all carrying forward totals with those in the I.R.L.As
  - (c) See that aggregate of the 'Opening Balances' agrees with that of the 'Closing Balances' of the previous month.
  - (d) Check all the 'Closing Balances' into the I.R.L.As.
  - (e) Check 11 percent, of the items from the summary into the 'Credits' portion of the I.R.L.As.
- (ix) **Pay books:** The advances entered into the close pay books selected for audit will be checked into the 'Debits' portion of the I.R.L.As. And the pay books will be annotated accordingly.
- (x) **Sheet rolls:** Select 33½ percent of the Sheet Rolls at random and see that:
- (i) the entries in the defaulters' Sheets affecting pay and allowances are actioned in the I.R.L.As;
  - (ii) Badge pay has been correctly granted with reference to the red ink entries appearing in the Sheet Rolls;
  - (iii) the leave granted does not exceed the authorised limits; and
  - (iv) the kindered rolls are kept upto date and the entries therein have been verified and attested by an Officer of the Air Force Records Office at least once in a year.

**Note:** The review of the entries in the I.R.L.As of airmen with reference to the entries in the Sheet Rolls at the time of final settlement of accounts will be restricted to the last stage of audit as indicated by the last audit encasement on the Record copy of Sheet Rolls.

**437. Suspense accounts:** The items contained in Acquittance Rolls and other vouchers, which cannot be identified for I.R.L.A's. action, are kept by the Air Force Central Accounts Office in 'Suspense Accounts'. The units concerned are addressed by the Air Force Central Accounts Office for correct particulars and on their receipt, the Suspense account is clear. It will be ensured in audit that speedy and appropriate action is taken by the A.F. Central Account Office, for the clearance of such accounts. Any undue delay in the clearance of outstanding items from what ever cause should be brought to the notice of the Officer Commanding A.F. Central Accounts Office and where necessary, to that of the C.D.A. (Air Force).

**438. Final Credit Balances:** The I.R.L.As of released, discharged and invalided officers and men will be audited cent per cent subsequent to their last audit, before payment of the final credit balance is made. The payments will also be checked cent per cent with reference to the payees' acknowledgements.

**439. General:** I.R.L.As and the connected documents on which audit check is carried out will be suitably encased under the dated initials of the auditor/SO(A)/A.A.O.

**440. Air Force List:** The audit of Air Force list is conducted in the office of the Dy CDA (AF) New Delhi. The Dy CDA (AF) New Delhi is responsible for the audit of the draft Gazettee Notifications relating to appointments, substantive promotion, relinquishments, etc of Air Force Officers as also cases regarding assessment of previous pensionable service of such officers.

**'Scale Audit':** A.F. Officers and Civilians in the Air Force

**441. (a) Air Force Officers:**

- (i) A chart is maintained in the proforma 'A' to Annexure 'E' Chapter XII Office Manual Part III separately for each branch showing the strength of A.F. Officers sanctioned for each unit and formation according to Ranks.

(ii) A card is opened for each officer and is completed with reference to the rank of the officer shown in his I.R.L.A. on the last day of each quarter. The cards are arranged branchwise and rankwise and in an alphabetical order. Number of officers in each branch and rank are counted and entered in column 3 of the proforma 'B' to Annexure 'B' Chapter XII, Office Manual Part III (numerical return) Cards are to be prepared separately for each branch, and the surpluses, if any, are worked out branchwise and rankwise.

(iii) Objections are raised on any excess over the overall authorised strength to enable Air Hqrs to take regularisation action.

**Note 1:** On an Officer becoming non effective, his card is removed and kept separately.

**Note 2:** As a temporary measure vacancies in G.D. Branch in a particular rank can be filled by Officers of the A. & S. D. Branch and vice versa.

**Note 3:** The promotions upto the rank of Wing Comdr (Time scale except Medical Branch) being time scale/promotions vide AFI 118/50 as amended, excess if any, upto this rank are not placed under objection.

(b) **Civilians:** The scale audit over the strength of the civilians in the Air Force, is exercised for one month in a quarter. A register is maintained unitwise showing the strength of civilians sanctioned for each unit and formation according to each class of civilians.

Monthly strength check statements are received from all A.F. units/formations showing the authorised establishment as well as the actual paid strength, the sanctioned strength shown in the above statement is checked with reference to the sanctioned strength shown in the register, and the 'paid strength' is checked with reference to the summaries of I.R.L.As furnished by the A.F. CAO New Delhi. The result of the check will be recorded on the strength check statements under the dated initials of the auditor and the AAO/SO(A). Excess, if any, in the actual paid strength over and above that sanctioned in the authorised establishment of A.F. units/formations will be reported to the units/formations concerned for regularisation action.

**Note 4:** The number of the civilians employed against airmen vacancies as indicated in the monthly strength check statements are checked with reference to the summaries of I.R.L.As and are excluded for exercising scale audit of civilians.

(c) **Audit of substantive promotions of Airmen:**

(1) Cent per cent check in respect of substantive promotions of airmen is carried out before publication with reference to the following documents:

- (i) Draft promotion by lists received from the A.F. Record Office.
- (ii) Original letters from Air Hqrs dealing with promotions by selection.
- (iii) Sheet Rolls (Record copies)
- (iv) I.R.L.As of the Airmen.

(2) It will be verified from the Sheet rolls and I.R.L.As of airmen that the minimum total service or service in a particular rank as laid down for promotion has actually been rendered (after excluding non qualifying service, if any). It will also be seen that:

- (a) the fact of passing technical/educational tests where such a pre requisite is prescribed for advancement, is recorded in the sheet rolls;
- (b) promotions required to be made by selection by Air Headquarters have actually been approved by Air Headquarters;
- (c) with reference to register of authorised establishment and paid strength of SNCOs, the number of airmen proposed for such promotions are within the authorised establishment except where otherwise provided;
- (d) a certificate regarding the employment of civilians against Senior NCOs vacancies has been furnished; and
- (e) where substantive promotions of airmen are restricted to the availability of vacancies in establishment, it will be ensured that on the date or prior to the date, with effect from which the promotion is authorised, and airman performed the duties of the rank to which he is promoted.

**Note:** The condition of performance of duty of higher rank will not, however, be insisted upon in the following cases:

- (a) Airmen undergoing courses of instruction from where they cannot assume duties of the higher rank earlier than the date of completion of the course.

- (b) Airmen who are posted abroad in the offices of the Air Advisers and for whom appointments of suitable ranks are not available in those offices.
- (c) Airmen/air crew who might be engaged in courier flight to U.K. or Indonesia or airmen who are posted to Car Nicobar and whose transfer cannot be ordered to another station before a specified period or airmen who are included in international sports contingents or airmen serving with Indian contingent with U.N. Force Abroad and for whom appointments of suitable ranks are not available.
- (d) Airmen who are absent due to sickness (excluding wounds and attributable injuries) and retain their acting rank for a maximum period of two months under para 16 (vi) of A.F.I. 12/s/48.
- (3) Airmen of the categories mentioned in para 2(a), (b) and (c) above will be promoted to the substantive rank W.E.F. the date it fell due, provided on completion of the course or on return from posting abroad, or on completion of the courier duty respectively, they directly take over the appointments, of the appropriate ranks in a unit in India.
- In regard to airmen of category referred to in clause (d) of note above, promotion to the substantive rank, with effect from the date it fell due will be subject to the condition that they are granted the acting paid rank after becoming effective during the maximum period of 2 months. No acting promotions will be made in vacancies earmarked for such airmen.
- (4) Reclassification of airmen do not fall within the purview of audit, as these are regulated by the administrative authorities in accordance with the administrative orders issued from time to time.
- (5) Promotions to the rank of Cpl are made without reference to authorised establishment.
- (6) Letters authorising promotion, on receipt from the A.F.R.O. are checked with the audited draft promotion list and the paid strength register completed. A copy thereof, is then passed on to 'Airmen Section' for ensuring during the audit of IRLAs that the promotions actioned in IRLA conform to those contained in the said letter.

**(d) Audit of acting promotions of Airmen:**

- (1) Cent per cent check in respect of acting promotions of airmen will be carried out before publication with reference to the following documents:
- (i) Letters from A.F.R.O. (AHQ) proposing acting promotions
  - (ii) Original letter from Air Hqrs dealing with promotions by selection.
  - (iii) Record copy of sheet roll
  - (iv) I.R.L.As
- (2) It will be verified from the Sheet Rolls and I.R.L.As of airmen that the prescribed length of service (after excluding period of non-qualifying service, if any) has been rendered by them. It will also be seen that:
- (a) No. of airmen proposed for such acting promotions are within the authorised establishment as verified from Register of authorised establishment and paid strength of S.N.C.Os, except where otherwise provided.
  - (b) A certificate regarding employment of civilians against S.N.C.O's vacancies has been furnished.

**Note:** Promotion to the rank of cpl are made without reference to authorised establishment. Letters authorising promotions on receipt from the A.F.R.O. are checked with the audited draft promotion list and the paid strength register completed. Thereafter a copy thereof is passed on to the Airmen Section to ensure during the course of audit of I.R.L.As that acting promotions are converted into paid acting ranks after rendering the requisite period of continuous service in that rank. Suitable annotation will be made on the copies of letters held.

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**Section III—Pay Accounts of A.F. Officers and Personnel Serving Ex-India**

444. A. F. personnel attached to or serving on the establishment of the embassies or High Commissions for India abroad, will be treated at par with civilians borne on the same establishment in the matter of pay accounting. In accordance with the civil system of pay accounting, pay slips on lines similar to those issued by the Director of Audit, central revenues will be issued by the Air Force Central Accounts office, New Delhi to disbursing officers concerned in overseas countries authorising payments to A.F. Personnel. In the case of A.F. Personnel posted to the U.K., however, LPCs will be issued to the High Commissioner for India in the U.K.

445. Pay accounts of A.F. Personnel proceeding abroad on course of instructions, temporary duty and study leave will continue to be maintained in India by Air Force Central Accounts Office, New Delhi. Allowances admissible by virtue of their deputation abroad will be paid finally ex-India. Daily allowance, halting allowance, foreign allowance and other compensatory allowances, e.g. Children's education allowance, house rent allowance etc., which are exempted from income tax will not be exhibited in the I.R.L.As in India Air Force Officers except those in the U.K. will draw advances on Pay book [IAFF(F) 1504] within the permissible limits and be allowed to make a monthly banker's allotment which will be remitted by Air Force Central Accounts Office, New Delhi to their bankers in India every month. Those proceeding on courses of instructions, temporary duty, or study leave in the U.K. will, under the special arrangements detailed in the succeeding paragraph, be paid their pay and allowances like officers serving in India.

446. The Accounts of Officers on courses of instructions, temporary duty or study leave in the U.K. will be closed by Air Force Central Accounts Office, New Delhi by the 15th of each month and a statement of accounts will be prepared after taking into accounts any advances (issued in the U.K. and intimated to Air Force Central Accounts Office, New Delhi) and standing deductions, and sent to the office of the High Commissioner for India in the U.K. by Air Mail. The latter will pay the amount shown on the statement of accounts, less any advances drawn and not reported to Air Force Central Accounts Office, New Delhi to the officers who would thus receive their net entitlements under the rules each month. No remittance will be made to the bankers in India unless specially requested for by any officer.

#### Section IV—Audit of claims preferred by M/s Hindustan Aeronautics Ltd. on account of work done for Air Force

447. M/s Hindustan Aeronautics Ltd. is a firm, the capital of which is subscribed totally by the Government of India. HAL has its corporate offices at Bangalore and divisions at Bangalore, Nasik, Koraput, Hyderabad, Lucknow, Korwa and Kanpur. It caters for the needs of the Armed Forces in addition to Civil Air lines and foreign customers, in manufacture of aircraft, repair and overhaul of aircraft/aero engines/equipment and other allied work which may be entrusted to it. The procedure for financial and audit checks on the invoices submitted by the firm for work carried out for the Air Force is described in the following paragraphs.

448. The following types of work are generally handled by Hindustan Aeronautics Ltd. for the Air Force:

- (i) Design and development, manufacture, overhaul, repairs, conversion and assembly of various types of aircraft, engines, etc.;
- (ii) Inspection and maintenance of A.F. Aircrafts at certain Air Force outstation bases;
- (iii) Procurement of spares and materials for overhaul programme, through purchase, and fabrication; and
- (iv) supply/manufacture/repair of different items of A.F. equipments and other such miscellaneous works.

449. (i) Work at Hindustan Aeronautics Ltd. for Air Force is authorised by:—

- (a) Air Headquarters/Officer Commanding Equipment Depots/Base Repair Depots/AFLO, through the medium of RMS Orders/Indents. Detailed instructions for raising of RMS orders are contained in Director of Equipments' Instructions to branches, No. 4/51, issue No. 2, and financial powers of various authorities who are empowered to raise RMS order are given under Govt. of India, Min. of Def. Letter No. AHQ/S 61274/65/LRZB/1123/1/D (Air IV) dt. 10-9-80 as amended.
- (b) Government of India for execution of all major jobs.

(ii) The orders for work placed on Hindustan Aeronautics Limited provide for the terms of payment to the firm on the basis of:—

- (a) A fixed cost for the work, or
- (b) Cost plus profit basis; the term 'cost' covers:
  - (i) direct labour including overheads,
  - (ii) direct material, and
  - (iii) sundry direct charges/Deferred Revenue Expenditure.

The percentage element of profit on 'cost' is indicated in relevant Govt. sanctions and R.M.S. Orders/indents etc.

450. (A) A combined Finance and Audit Section under the charge of the D.C.D.A (DAD) is attached to Hindustan Aeronautics Ltd. Bangalore Complex at Bangalore. The Bangalore Complex consists of Aircraft Division, Engine Division, Helicopter Division, Overhaul Division, Foundry and Forge Division, Service Division and Design Bureau. Similarly, AOs (DAD) are attached to HAL Divisions at Nasik, Koraput, Hyderabad, Lucknow and Kanpur. These sections play the dual role of carrying out the audit checks on behalf of the Defence Accounts Department as well as Ministry of Defence (Fin). DCDA/AOs (DAD) are responsible to the CDA (ORs) South Bangalore for carrying out audit checks which normally devolve on Defence Accounts Department and for making payment of the invoices preferred by M/s HAL for services rendered/supplies made to Armed Forces. In regard to the items of work which are of the nature of financial checks or scrutiny of costs as reflected in the books of HAL as also for furnishing necessary data required by the Min. of Def. (Fin.) for fixing firm prices for adoption in HAL contracts, the DCDA/AOs (DAD) are responsible to the Ministry of Defence (Finance) through the CDA. DCDA (DAD) attached to HAL, Bangalore Complex and AOs (DAD) attached to HAL Divisions at Nasik, Hyderabad, Koraput and Kanpur are also responsible for the conduct of local audit of HAL held IAF Stores maintained by these Divisions.

(B) As per the revised pricing policy for HAL introduced w.e.f. 1-4-88, Defence Accounts Department is also associated in the deliberations leading to the final approval of fixed quotation rates by Ministry of Defence.

(i) **Price proposals on F.C.Q. basis:** HAL will furnish their price proposals on FCQ basis to Min. of Def. D (Air I) in duplicate with a copy to Min. of Def. (Air) and Air Hqrs (Dte. of Fin. Planning) by 31st May of every year with provisional data available from actuals of the previous year and most reasonable expectations of the current year. Normally such quotations are given for one year. In cases where the estimates depart significantly (i.e. more than 10%) from actuals of the previous year, HAL will append foot notes giving specific reasons for variations. Where IAF/MOD has doubts about correctness of the figures projected by HAL they can ask CDA/statutory auditors to verify and certify to its correctness. The scrutiny and verification of FCQs would normally be completed within 60 days of receipt of Division's Balance Sheet in order to commence discussion by 1st Sept. The preliminary discussions will be held in the concerned

division of HAL between rep. of Air Hqrs. HAL and CDA (represented by Dy CDA/AOs (DAD) attached to the division). The result of preliminary discussions will be submitted by Air Hqrs to the Min. of Def. A meeting will be held thereafter by Director (Air) Min. of Defence with rep. of Min. of Def. (Fin/Air), CDA or his rep and Air Hqrs (as also HAL where appropriate) to settle the FCQs finally or to formulate points, if any, on which additional information may have to be sought for, from HAL.

(ii) **Price proposals on cost plus basis:** HAL would furnish their tentative price proposals to DCDA/AOs (DAD) attached with the divisions within 4 months after the delivery of last item of the batch to which the price proposed relates. DCDA/AO (DAD) would furnish the draft audit comments to HAL within four months. HAL would send their firm price proposals to CDA through DCDA/AOs (DAD) within one month of receipt of draft audit comments, with a copy to Ministry of Defence D (Air I) and AHQ, CDA will furnish his audit report to Min. of Defence D (Air I) in duplicate with a copy to the Min. of Def. (Fin/Air), Air Hqrs/DFP and HAL, within 6 weeks of receipt of firm price proposals. HAL in turn will furnish their comments on audit report to Min. of Def. D (Air I) with copy to all concerned, within two weeks.

Thereafter a meeting will be held by Director (Air) Min. of Def. with rep. of Min. of Def. (Fin/Air) and Air Hqrs (as also HAL where appropriate) to settle the price proposals, within 3 weeks of receipt of HAL's comments.

451. The accounts of Hindustan Aeronautics Ltd are subject to audit, like those of other limited concerns, by a firm of professional auditors. A supplementary or test check is conducted by the Director of Commercial Audit under Comptroller and Auditor General of India. An additional check is also conducted by the D.C.D.A./AOs (DAD) over the transactions of HAL to the extent authorised under various Govt. letters issued after review of revised pricing policy.

This being the position, great care should be exercised in carrying out the financial and audit checks.

452. The audit of H.A.L. invoices will be conducted with reference to the terms and conditions of contracts where existing and sanctions issued by the Government of India or the R.M.S. orders/indents raised by Air Hqrs/EDs BRDS/AFLOs and the

general principles for the audit of public expenditure. The broad checks to be exercised fall under the following categories:—

- (i) Check by the staff of the Aeronautical Inspection Wing (AIW) under the director of T.D. & P. (Air).
- (ii) (a) Check by the Officer I/c, HAL-held-IAF Stores.  
(b) Senior Accountant Officer.
- (iii) Financial and cost checks by D.C.D.A./AOs (DAD).
- (iv) Audit check by the D.C.D.A./AOs (DAD)

The detailed checks falling under each of the above categories are as follows:—

I—Check by the staff of Aeronautical Inspection Wing (AIW) under the Director of Technical Development and Production (AIR).

- (i) To examine and sign the 'Survey and Inspection reports' with the exception of Radar, Wireless, Armaments and Instruments associated with Armament Equipment and Safety Equipments.
- (ii) To examine and sign 'Material Summary, Coordinated Part lists' showing requirements of material/spares to be drawn from HAL-held-IAF Stores to replace items Condemned, missing etc. on IAF aircraft, engine/equpt etc. allotted to H.A.L. for overhaul/repair.
- (iii) To certify on the 'list of material' drawn from H.A.L. held-IAF-Stores that the materials enumerated in the list—
  - (a) Are reasonable/correct, and
  - (b) have been embodied/utilised in the aircraft/engine/equipment/accessories to the best of their knowledge with the exception of.....
- (iv) to certify on the 'list of material' supplied Ex-HAL-Stocks that the materials enumerated in the list—
  - (a) are reasonable/correct, and
  - (b) were not available in HAL-held-IAF-Stores.
  - (c) have been embodied/utilised in the aircraft/engine/equipment/accessories to the best of their knowledge with the exception of.....
- (v) To certify on the form IAFA-530 that 'the items have been inspected' in accordance with the terms of contract/work order and accepted as serviceable.

II(a)—Check by Officer in Charge HAL held, IAF Stores. To certify on the 'list of material' drawn from HAL-held IAF Stores that:

- (i) the items enumerated in the supporting list are authorised in the relevant survey/coordinated parts lists and
- (ii) all repairable/unserviceable parts etc. removed/stripped from the aircraft/engine/equipment etc. for which replacements were authorised, with the exception of consumables, have been returned to HAL-held-IAF Stores, as stipulated in AFO 58/87.

(b) check by Senior Accountant Officer

- (i) To see that authority exists for the work and that the same is quoted on the invoice, and where necessary, invoices should be checked against the relevant R.M.S. orders/indents.
- (ii) To verify 'issues' and 'exchanges' with the survey/coordinated parts lists and relevant vouchers.
- (iii) To enter the particulars of invoice, task details, RMS orders, work order No. etc. and the amount claimed in the invoice register and complete the Loan Register.
- (iv) To endorse invoices in token of checks exercised.
- (v) To certify on invoices in respect of "Pack and Despatch" on the authority of Air Hqrs/ED/BRD (other than work on RMS order or Govt. of India sanction) that the relevant authority has been checked.

III. Financial and cost checks by D.C.D.A./AOs (DAD). When HAL's invoices are on a 'cost plus profit' basis, the following checks will be exercised cent per cent:

- (i) See that H.A.L. Internal Auditors have checked the invoices and that the 'building up' of the total amount in the job cost report from the summaries and other documents is correct.
- (ii) See that H.A.L. Internal Auditors have test checked the amount arrived at for labour from departmental labour analysis statement.
- (iii) See that the Internal Auditors have checked operation statements showing direct labour cost per man hour and the percentage of overhead to direct labour prepared in accordance with standing instructions.
- (iv) Where there is abnormal variation in the cost of material or labour of standard work allotted.
- (v) See that due credit is given to IAF for any over charge made on work orders through error detected at the annual audit by HAL's auditors.

- (vi) Where there is abnormal variation in the cost of material or labour of standard work allotted to H.A.L. e.g. Overhaul of engines, base plus time 'B' Inspection of Dokotas, Major or Super Major inspection of similar type, investigate the reasons therefor, and admit cost only for the scheduled work unless stipulated otherwise in the Govt. Sanctions.
- (vii) If any special repair work, modification etc. is done or spares supplied against estimated cost, see that an RMS order exists for the same and that the cost does not exceed the estimate indicated in the relevant RMS orders/approved price catalogue.

#### IV—Audit checks by D.C.D.A./AOs (DAD)

- (i) See that invoice and supporting documents indicated below have been signed by the competent authorities concerned in accordance with para 452(i) and (ii) ante.

- (a) Survey/coordinated part list.
- (b) List of material drawn from H.A.L. held IAF Stock
- (c) List of material supplied ex HAL Stock
- (d) Form IAFF 530.

- (ii) See that the invoice is pre receipted and completed in all respects duly supported by

- (a) Job cost report
- (b) Original copies of material requisitions.
- (c) Cost ledger cum labour summary.

- (iii) See that the cost claimed is in accordance with the terms of payment of the contract specified in Government sanctions or relevant orders as applicable.

- (iv) See that the man-hour rates are in accordance with the Government orders or conditions of the contracts/operation statements.

- (v) Test check of prices of spares supplied from H.A.L. stock—

- (a) in the list of spares/materials supplied by H.A.L. and rendered in support of the invoice, out of the total number of items on that list 5% will be selected (preferably items where the value exceeds Rs. 1000/- each) to see that:

- (i) The unit cost of the item as claimed by H.A.L. agrees with the weighted average rate in the Material Ledger Card of H.A.L. on the date of issue from stock as indicated on the relevant material requisition.

- (ii) The total quantity of that particular item supplied by H.A.L. has been charged off correctly in the Material 'Ledger Card' on the basis of material requisition.

- (b) When the number of items in the 'list' is less than 20, one item will be selected for check as at clause (a) ante.

- (vi) Verification of non availability certificate in HAL held IAF Stores Bin Cards.

In the case of spares supplied by H.A.L. see that the material requisitions bear the non availability certificates of the Officer in Charge HAL held IAF stores.

- (vii) See that the total value indicated on the individual material requisitions agrees with the total value shown on the consolidated 'list' of material supplied ex H.A.L. stock and excess amount claimed, if any, will be retrenched from the claim.

- (viii) From H.A.L.'s cost ledger see—

- (a) that the total cost of labour is arithmetically correct as carried forward to the job cost report, and

- (b) that charges 'booked' after the date of close of 'work orders' are not admitted without satisfactory explanation by H.A.L.

- (ix) In the case of gasoline (if it is decided as a legitimate charge against the state) see that vouchers exist for the actual draws of the gasoline from oil company, that the amounts charged are those that are actually paid by Hindustan Aeronautics Limited and the rate charged in the invoice do not contain any element of overhead and profit.

- (x) See that the quantity and cost of the gasoline is included in the list of spares/materials supplied ex H.A.L. stock duly certified by DTD & P (Air) in terms of para 452(i) (iv) ante.

- (xi) See that the sanction of Government of India, exists in the case of invoices time barred by statute of limitations vide Rule 191 F.R. Part I vol. I (1983 Edn.).

- (xii) In the case, of invoices claiming stage payments for overhaul/repair of aircraft engines undertaken by HAL on behalf of Air force, see that the payments claimed are in accordance with the instructions issued by Govt. from time to time. Where the estimated charges are based on the average billing for the previous year the same will be adopted and where no such data exists, 'HAL's estimate will be accepted until sufficient data is available.
- (xiii) See that monthly 'On Account Payment' for labour in respect of Manufacturing programmes hitherto made on certificate of incurrence furnished by Financial Controller of HAL Divisions will hereafter be made only on verification of actuals from relevant records of HAL. This provision shall take effect from 1/4/88.
- (xiv) See that necessary funds are available to meet the expenditure.
- (xv) See that 'On Account Payments, made are noted in the concerned demand register and ensure that the payment is within the ceiling fixed.
- (xvi) See that 'On Account Payments', if any, are adjusted before the invoice is passed for payment.
- (xvii) Exercise a general intelligent scrutiny over all invoices to detect apparent mistakes, overcharges of abnormal features.
- (xviii) After an invoice has been passed for payment, schedule the duplicate or certified true copy of the form IAFF(Q) 423/F 530 to the outstation LAO(AF) concerned for credit verification in the accounts of the consignee Air Force unit.
- (xix) In the case of equipment, etc., returned against 'Contract Loan' or supplied against R.M.S. orders, see that the original copy of the form IAFF(Q) 423/F 530 supporting the invoice is scheduled to the LAO(AF) concerned for credit verification cent per cent with the relevant stock record card/bincards and return for record with invoice.

**453. Quantum of Audit.**—Two final claims pertaining to the A.F. under each cost cum profit will be checked cent per cent, with reference to the records maintained at Hindustan Aeronautics Ltd., to satisfy that the costs claimed have been correctly arrived at. The other bills will be scrutinised on broad lines as indicated in the preceding paragraphs.

The quantum of audit may be increased at the discretion of the D.C.D.A./AOs(DAD) whenever considered desirable. All such cases will be reported to the CDA (ORs) South Bangalore.

#### Maintenance of IAF. Aircraft at outstation base

454. I. (i) See that the claim is covered by relevant sanction of Government of India.

(ii) see that certificates exist from outstation, A.F. Authorities regarding satisfactory completion of work and reasonableness of staff employed by HAL on the job.

(iii) See that the claim is preferred as per diem rates specifically authorised for the purpose by govt.

II. H.A.L. invoices for inspection/servicing of aircraft and for the supply/repair charges of spares at specified outstation will be settled in accordance with relevant Govt. Sanctions.

#### Repair/Manufacture/Supply of IAF. Equipment and Miscellaneous work by H.A.L.

455. (i) HAL's invoices for the repair/manufacture/supply of IAF equipment authorised through RMS orders/indents raised by appropriate authorities will be checked with reference to general principle for audit of invoices.

(ii) The audit of invoices will be exercised with reference to the terms of payment indicated in the relevant orders (i.e. Rms orders/indents/Govt orders) issued on the subject and the general principles contained in paragraphs 451 to 452 IV above.

456. The finance and audit section attached to all divisions of HAL will endeavour to settle as many objections and observations as possible locally with concerned divisions of HAL/Air Force authorities as the case demands. Unsettled items, if any, will be taken up with Air Hqrs, direct if they relate to audit checks. However if they relate to financial and cost checks, they may be taken up with Min. of Defence (Finance) through CDA(ORs) SOUTH BANGALORE.

#### Section V—Work relating to HAL Mig complex and HAL accessories complex

457. [A] HAL MIG complex under a separate Managing Director stationed at Nasik, consists of the following divisions.

- (a) Nasik Division (Mig Air Frames Manufacture/Assembly/Repair/Overhaul).
- (b) Koraput Division (Mig Engine Manufacture/Assembly/Repair/Overhaul).

[B] HAL accessories complex under a separate Managing Director, stationed at HAL Lucknow, consists of the following 3 divisions:

- (a) Hyderabad Division (deals with the manufacture/repair/overhaul of Electronic Equipments required for IAF Air Crafts.)
- (b) Lucknow Division (deals with repair/manufacture/supply of rotables and parts thereof to IAF direct and to other HAL divisions).
- (c) Korwa division (deals with manufacture and supply of rotables and parts thereof to IAF direct).

[C] HAL Kanpur division deals with the manufacture of Dornier Aircraft, HPT 32 Aircraft, repair/overhaul of HS 748 Aircraft/rotables etc.

All these HAL divisions mentioned above maintain independent cost accounts under the arrangements made by the respective General Managers (Fin.). To deal with the audit and payment of their claims regarding the work done for IAF, Accounts Officers (DAD) with necessary staff have been provided with respective division under the overall charge of the C.D.A.(ORs) South Bangalore as explained in Para 450 ante. CDA (ORs) South Bangalore is responsible for coordination and inspection of work done by the Accounts Officers. The audit and payment made by A.O.s (DAD) attached to the above divisions closely follow the pattern explained in Section IV above. The 'on Account' Payments are generally noted in a demand register for watching clearance.

#### Section VI—Audit of claims preferred by HAL on Account of work done for Indian Navy

458. (a) The following types of works are generally handled by M/S HAL for Indian Navy—

- (i) Manufacture, overhaul, repairs, conversion and assembly of various types of air crafts engines etc.
- (ii) Procurement of spares and materials for overhaul programme through purchase and fabrication.
- (iii) Supply/manufacture/repairs of different items of aircraft equipment and other such miscellaneous works.

(b) The works at M/S HAL is authorised by Naval Hqrs/Flag Officer, Naval Aviation/SNCO Cochin/NSD Goa through the medium of RMS orders/repair orders/Overhaul tasks. Detailed instructions regarding procedure to be followed for submission, certification and settlement of HAL invoices for repair/overhaul of Naval Aircrafts, Engines, Components etc. are contained in N.O. 112/79.

(c) The payment of Naval invoices for the work carried out by M/S HAL will be made in accordance with the provisions of various Govt. Orders issued for the purpose. The DCDA/AOs (DAD) and CDA (NAVY) are responsible for making payment of the invoices preferred by M/S HAL for services rendered and supplies made to Indian Navy.

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CHAPTER 16

NAVY ACCOUNTS

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Section I—Cash Accounts—Navy

460. The detailed rules relating to the provision of funds to the Navy are laid down in Financial Regulations. Broadly speaking, the funds for shore establishment are arranged by the CDA(Navy) by means of cash assignments at a civil treasury or a branch of the Reserve/State Bank of India. Funds for Navy Ships which are self accounting are normally obtained from Naval authorities at the port stations (or from a Civil Treasury, when owing to absence from a port, ships are unable to draw funds from the Naval authorities). On the authority of money Warrants issued by the CDA(Navy) in favour of the Commanding Officers of those ships. Ships which are not self accounting draw their requirements from the Base Supply Officers. The CDA(Navy) is responsible for fixing a monetary limit upto which moneys can be drawn by the Commanding Officers during a month. In fixing the monetary limit, the drawings in the previous months and other circumstances known at the time will be taken as a guide. The amount fixed at the beginning of the year will be reviewed and reduced, where necessary, in the manner laid down in Chapter 17, Defence Account Code.

461. In the case of Navy Ships visiting foreign ports, the necessary supply of foreign currency is arranged by Naval headquarters through the Ministry of Finance. The currency is delivered through the Indian representatives abroad, where one exists. Where there is no representative, special arrangement is made by Naval Headquarters.

462. Payments of the following types are generally made by the Commanding Officers out of the funds placed at their disposal:

1. Payments on acquittance rolls;
2. Lumpsum payments to ships and establishments;
3. Payments of personal claims, grants, etc;
4. Contingent and miscellaneous expenditure; and
5. Payments authorised by the CDA(Navy) after pre audit for disbursement.

The payments made from Cash Accounts are subject to Post Audit by the CDA(Navy), unless the claims have been pre audited by his office and their payments authorised through cash accounts.

463. Payments on account of allotments and remittances in respect of Navy personnel are made by the Supply Officer in Charge Naval Pay Office, who renders a cash account in respect thereof to the CDA(Navy).

464. The register of specimen signatures of the Supply Officers and Commanding Officers prescribed in para 66 of this code will invariably be consulted at the time of providing cash assignments, issuing money warrants and auditing cash accounts, in order to ensure the genuiness of the signatures.

465. The Commanding Officers of Ships render to the CDA(Navy), cash account monthly in which the amounts drawn and disbursed are brought to account. The Commanding Officers of establishments render similar accounts separately for the periods from 1 to 20th and from 21st to last day of the month. The CDA(Navy) will watch that the accounts are rendered by the Commanding Officers concerned on the due dates.

466. The following more important points will be seen in auditing the cash accounts:

- (1) that the account has been rendered in the appropriate form and is complete in all respects;
- (2) that the opening balance agrees with the closing balance of the previous month's audited account;
- (3) that all the moneys drawn have been duly brought to account; (the check will be exercised in the manner laid down in para 462 below);
- (4) that the account is duly supported by all the prescribed vouchers and documents;

Note : In the case of service personnel of the Navy whose accounts are maintained on the IRLAs, the original copies of acquittance rolls are sent direct to the Naval Pay Office and the cash account is supported by copies of top schedules tabulating the acquittance rolls sent to the Pay Office.

- (5) that the totals of all vouchers, schedules, etc. are correct and have been correctly accounted for in the cash account;
- (6) that the prescribed certificates to the effect that transactions appearing in the accounts are truly and faithfully shown and the officers and men to whom the payments were made received the several sums noted as paid against their names; that the balance of public money in hand at the end of the month viz. Rs. (rupees ) only, has been verified and agrees with the book balance; and the amount transferred to the next account has been duly carried forward is given at the end of the cash account duly signed by the supply officer and countersigned by the C.O.;
- (7) in case the C.O. Deputes other officers to check the cash balance, a certificate to the effect "that the balance of cash in hand has been counted and agrees with the balance shown in the cash account" is endorsed and signed by the officers so deputed, and countersigned by the C.O.
- (8) a surprise check of cash balance is carried out by the C.O. Once in a quarter in addition to verification of cash at the end of each month and a certificate to the effect that the balance of cash in hand viz. Rs. (rupees ) only, has been counted by him and agrees with the balance as shown in the cash account is endorsed and signed in the cash account;

(9) that the instructions for the maintenance of cash books prescribed in Financial Regulations and other regulations/Orders have been complied with; and

(10) that the closing balance has been correctly worked out and is not unduly high.

467. Intimation from treasuries in respect of payments on money warrants; intimations from Commanding Officers/Base Supply Officers of lumpsum payments to ships/establishments; and the list of cheques issued by the CDA (Navy) will be linked with the amounts appearing on the receipt side of the cash account. Other receipts will be checked with reference to the appropriate vouchers, (e.g. payment issues of clothing, victualling, hire of Navy Transport, etc.) supporting the cash accounts.

468. The charges appearing in the cash account will be audited in accordance with the general rules of audit of cash expenditure. The following points will, in particular be observed :

- (1) it should be ensured that the charges which are required to be pre-audited are not paid by the Commanding Officers without pre-audit and proper authorisation by the CDA (Navy);
- (2) that the lumpsum advances to ships are linked with the respective cash accounts;
- (3) that the top schedules in respect of payments on acquittance rolls are paired with the copies received from the Naval Pay Office containing a certificate to the effect that the acquittance rolls scheduled thereon have been recorded and are noted for recovery in the Accounts of the officers/ratings concerned; and
- (4) that where payments are adjustable by book debit or by cash recovery, appropriate action is taken and recovery watched through the demand or other registers.

469. A separate cash book is maintained for all foreign currencies received on board when Navy ships visit foreign countries. A copy of this account is rendered to the CDA (Navy), who will audit the same on the lines as other cash accounts.

In addition it should be seen that the cash account is supported by :

- (1) a copy of the receipt voucher for the foreign currency received on board duly signed by the C.O. or Supply Officer;
- (2) a copy of the voucher for the amount of foreign currency refunded duly signed by the Indian representative at the foreign port;

- (3) a certified true copy of the rate of exchange certificate obtained from the authorities supplying the foreign currencies; and
- (4) orders in support of the change, if any, in the rate of exchange and the detailed working showing the resultant loss or gain on exchange.

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#### Section II—Pay Accounts—Navy Pay Accounts of Service Personnel of The Navy

472. The pay accounts of service personnel of the Indian Navy are centrally maintained on the I.R.L.A. System by the Naval Pay Office. This is a service organisation under the administrative control of Naval Headquarters. In technical and professional activities, however, the Supply Officer-in-Charge, Naval Pay Office, is subject to control of the Ministry of Defence (Finance) exercised through the Controller General of Defence Accounts, and complies with such instructions as the Controller General of Defence Accounts, in consultation with the Director of Supply and Victualling (Naval Headquarters) may issue in these matters. The audit of these I.R.L.As is carried out in the Naval Pay Office by the staff of the CDA (Navy). The detailed drill for audit is laid down in Office Manual Part VII.

473. The Naval Pay Office has been realigned in two groups, viz.; the Authorisation Group and Disbursement Group. All entitlements and subsequent changes of the basic pay and allowances of Navy Officers and ratings will be checked by the audit staff before credits therefor are afforded in I.R.L.As maintained by the disbursement group. For this purpose, orders affecting basic pay and allowances of a recurring nature will be adjusted in the Authorisation Ledger by the Authorisation group, which will prepare an authorisation slip in duplicate setting out the revised rates of pay, etc. All the authorisation slips will be checked by the audit staff, before they are passed on to the disbursement group for credit of the revised rates of pay set out therein in the I.R.L.As maintained by that group.

474. All documents and information requiring action in the I.R.L.As are initially received in the Central Registry section of the Naval Pay Office, where they are serially numbered and entered in the appropriate registers, before distribution to different sections for ledger action and filling in the relevant case files. The Officer-in-Charge, I.R.L.A Audit Section,

personally selects arbitrarily from these registers or case files, as the case may be, the prescribed percentage of the documents to be audited. These documents are returned, after audit, to the Naval Pay Office.

#### Audit of Authorisation Slips And Authorisation Ledgers

475. The authorisation slips notifying change in pay, etc. will, on receipt, be audited and passed with reference to the entries in the authorisation ledgers. At the same time the authenticity of change in the authorisation ledgers, will be verified with the basic orders, etc. That might have necessitated the change. In conducting the audit of authorisation ledgers, it should be seen that:

- (a) for all changes in pay and allowances requiring documentary support, such documents are produced;
- (b) promotions requiring Government sanctions are supported by Government orders or Gazette of India notification; and
- (c) pay and allowances are fixed according to regulations and orders.

The authorisation ledger will, after audit, be initialled by the audit staff.

**Note:** whenever new authorisation ledgers are opened, the initial entries therein will also be audited and initialled by the audit staff testifying to their correctness.

#### Audit of Disbursement Ledgers

476. The I.R.L.As of Service Officers are balanced monthly and those of Sailors quarterly by the Naval Pay Office. The audit of these accounts will be carried out on a quarterly basis. The quantum of audit will normally be 33-1/3% unless a lower percentage is specifically indicated for any item. The percentage of audit be increased if the state of accounts is found unsatisfactory/Selection of documents should be made arbitrarily, but the formula adopted for selection will be recorded and a varied at each audit.

**Note:** The quantum of audit in regard to debit entries in the IRLA's from acquittance rolls etc, will, however, be 16-2/3 per cent.

#### Final Credit Balances

477. The IRLAs of release, discharged and invalided officers and men will be audited cent per cent subsequent to their last audit before payment of the final credit balance is made. The payments will also be checked cent per cent with reference to the payee's acknowledgement.

478. The audit drill to be observed in auditing the IRLAs is as follows :

- (a) check the opening balance from the previous quarter's closing balance, check the casting of all credit and debit entries through the quarter down to the closing balance at the end of the quarter;
- (b) check every credit entry for the quarter into part I of the I.R.L.A or into intimations of miscellaneous credits and every credit entry in part I of the IRLA into the authorisation slips passed on by the authorisation group;
- (c) check every debit entry for the quarter in part I into part II of the I.R.L.A.;
- (d) check every entry notifying the grant of leave (except casual leave) from Genforms, Daily lists, etc., into the annotations made in the I.R.L.As and see that the period of leave granted does not exceed the prescribed limit and that the leave pay and allowances have been correctly regulated for the period of leave;
- (e) see that recoveries on account income-tax, fund deductions, advances of pay on acquittance roll, allotments and remittances, L.F. Bills, etc., have been correctly effected through the IRLAs. It should also be seen that the allotments and remittances have been made in accordance with the rules on the subject;
- (f) see that payees' acknowledgements for payments of family allotments are on record and that undisbursed amounts have been credited to Government;
- (g) verify debits in IRLAs for forfeitures of pay and mulct, if any, noted in the closed Pay and Identity Books of ratings and
- (h) check 11% of the items of abstracts of receipts and charges from the abstracts into the I.R.L.As.

479. The fundamental principle to be observed in the test check of the IRLAs and connected documents is that the credit entries should be traced from the IRLAs into the relevant documents and vouchers, and the debit entries should be traced from the vouchers, Genforms, etc., into the IRLAs.

480. IRLAs and connected documents audited will be suitably enfac'd under the dated initials of the Auditor/SO(A)/AAO etc.,. The audited balances will be ringed round in coloured pencil and initialled by the auditor with date.

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Scale Audit

482. Scale audit is conducted to see :

- (a) that the effective (paid) strength of Officers/Ratings in each branch and Rank/Ratings of the Navy as a whole is within the sanctioned strength;
- (b) that promotions of Officers are sanctioned by the competent authority, that the appointment is authorised and is in an existing vacancy; and
- (c) that the advancements of Ratings are sanctioned by the competent authority, viz., Bureau of Sailors.

The detailed procedure for conducting the scale audit is laid down in Office Manual Part VII.

Naval Appointment Lists and Daily Lists

483. Notifications relating to entry, appointments, confirmation in rank, promotion, adjustment in seniority or rank, discharge, secondments to and from the service and inter-branch transfers are published in naval appointment lists. Pay and allowances will be worked in I.R.L.As according to these entries. It will be seen in audit that these entries are subsequently notified in the Gazette.

Temporary attachments not involving change of appointments, movements on tour, periods spent in hospital or sick on shore, annual, casual and sick leave and all other movements not involving change of appointment are notified in Daily Lists.

Navy List

484. The audit of the Navy list is conducted by CDA (Navy) who is also responsible for the audit of Draft Gazette notifications relating to appointments, acting and substantive promotions, relinquishment etc. Of Naval Officers as also cases regarding assessment of previous pensionable service of such officers.

Pay Accounting Arrangements Applicable To Naval Personnel Serving Abroad And on Courses Of Instruction, Temporary Duty And Study leave.

485. (a) Naval personnel attached to/appointed on the staff of Embassies and High Commissions other than the U.K.—These Naval personnel will be treated at par with civilians borne on the same establishment in the matter of pay accounting. In accordance with the civil system of pay accounting, pay slips will be issued by the Supply Officer-in-Charge Naval Pay Office, Bombay to disbursing officers concerned in overseas countries, authorising payments to naval personnel through CDA (Navy), Bombay. Nominal

IRLAs will, however, be maintained by the Supply Officer-in-Charge, Naval Pay Office, Bombay in respect of those officers. Pay and allowances due to Officers/sailors will be paid by the respective Embassies or High Commissions for India with reference to pay slips issued by the Supply Officer-in-Charge, Naval Pay Office, Bombay through the CDA (Navy). The original salary bills received in support of Debit through the Controller of Accounts, Ministry of External Affairs, New Delhi will be checked with reference to the entitlements and items of disbursement recorded in nominal IRLAs while other special allowances will be checked with reference to Government orders authorising such payments.

(b) Naval personnel attached to or serving on the establishment of the High Commissioner for India in the U.K.—In the case of these naval personnel, their pay accounts are maintained by High Commissioner for India and Last Pay Certificate in respect of these Officers/Sailors will be issued by the Naval Pay Office, Bombay, duly countersigned by the CDA (Navy) Bombay.

486. Pay accounts of Naval personnel, proceeding abroad on courses of instruction, temporary duty and study leave will continue to be maintained by the Supply Officer-in-Charge, Naval Pay Office, Bombay, in India and audit thereof will be carried out by the CDA (Navy) Bombay in the normal manner. Allowances admissible by virtue of their deputation abroad will be paid finally ex-India. Daily allowance, halting allowance foreign allowance and other compensatory allowances e.g. Children's education allowance, house rent allowance etc., which are exempt from income tax, will not be exhibited in the IPAS in India, Naval Officers except those in the U.K. Will draw advance on advance of pay book (I.N. (pay) 230) within the permissible limit and be allowed to make a monthly bankers allotment which will be remitted by the supply Officer-in-Charge, Naval Pay Office, Bombay, to their bankers in India every month. Those proceedings on courses of instruction, temporary duty or study leave in the U.K. Will, under the arrangements detailed in the succeeding paragraph be paid their pay and allowances like officers serving in India.

487. The Accounts of Officers on courses of instruction, temporary duty or duty leave in the U.K. Will be closed by the Supply Officer-in-Charge, Naval Pay Office, Bombay by the 15th of each month and a statement of accounts will be prepared after taking into account any advance (issued in the U.K. And intimated to the Supply Officer-in-Charge, Naval Pay Office, Bombay) and standing deductions, and sent to the office of the High Commissioner for India in the U.K. By Air Mail. The latter will pay the amount shown in the statement of account, less

any advance drawn and not reported to the Supply Officer-in-Charge, Naval Pay Office, Bombay, to the officers who would thus receive their net entitlement under the rules each month. No remittance will be made to the bankers in India unless specially requested by an officer.

488. This procedure will also apply to Medical and Dental Officers proceeding abroad on study leave.

#### Records of Service

489. The records of service of Service Officers of Navy are maintained on IAF (CDA)-313 and those of Civilian Gazetted Officers on IAF (CDA)-358. In maintaining the records, the instructions contained in appendix I and chapter VII respectively will be followed.

#### Pay Accounts of Fleet Reservists

490. The pay accounts of the Ratings of Naval Fleet Reserve are maintained by the Naval Pay Office on I.R.L.A. System. They are pre-audited by the CDA (Navy) generally on the lines laid down for the audit of I.R.L.As of service personnel. The quantum of audit is cent per cent both for training pay and allowances when the reservists are called up for training and for annual remittances made to class 'B' reservists in respect of the years in which Ratings are not called up for training or the training is suspended.

The detailed procedure for the audit of I.R.L.As of fleet reservists is laid down in office Manual Part VII.

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#### Section III—Check of U.K. Stores Invoices with Packing Accounts and Maintenance of Invoices Register Invoices and Packing Accounts

493. One copy of the invoice is received by the CDA (Navy) from the CDA (HQrs) New Delhi and entered in Invoice Register (NS 052.) Rules for the check of the invoices are laid down in paras 400 and 401.

494. The consignee will receive two copies of packing accounts as described in para 402 and will forward the following documents to the Naval Local Audit Officer:—

- (i) Supply Notes on which the stores received from the UK have been brought on charge, if not already sent periodically as per rules.
- (ii) Packing Accounts in duplicate (i.e. Returnable copy and retention copy), after noting thereon the numbers and dates of the connected supply notes and damages, if any.

**Note :—**In case of stores received by parcel post/Air, retention copy of the packing account duly noting thereon the numbers and dates of the connected supply notes and damages, if any, will only be forwarded.

- (iii) A copy of the communication reporting the damages and deficiencies to the Director General India Supply Mission, London.

**Note :—**The Defence Accounts Department is responsible to verify in Local Audit that the discrepancies are intimated to the DGISM London and the responsibility in regard to replacements or financial adjustments on account of discrepancies devolves on the DGISM.

495. The Naval Local Audit Officer will:—

- (a) compare the damages and deficiencies noted in the two copies of the Packing Accounts and pair them;
- (b) check the packing accounts with Supply Notes;
- (c) retain the supply notes for verification of credit in the ledger, if received with the packing accounts;
- (d) return the returnable copy of the packing accounts to the consignee; and forward the retention copy of packing accounts to the CDA (Navy).

496. The CDA (Navy) will:—

- (a) link the packing accounts with the invoices received by him from the CDA (H. qrs) New Delhi;
- (b) note on the invoices, the numbers and dates of supply Notes on which the stores have been brought to account and particulars of damages and deficiencies, if any, shown in the packing account;
- (c) complete the Invoice Register;
- (d) forward the Retention copy to the consignee; and
- (e) watch the recovery or settlement of the value of Naval Armament Stores (explosives) short landed/damaged.

497. At the end of every quarter, the invoices register will be reviewed and action as indicated in para 405 will be taken in respect of invoices for which Retention copies of packing accounts have not been received from the N.L.A.Os. Since under this procedure linking of the invoices with the packing

accounts would be carried out by the N.L.A.Os and particulars of damages and deficiencies, if any, shown on the Packing accounts annotated on the invoices, the Retention copy of the Packing accounts should be sent by the N.L.A.Os to the consignees direct, instead of through the CDA (Navy).

#### Claims on Account of Stores Short-Landed or Damaged

498. The responsibility for handling all claims on account of stores, short-landed or damaged, rests with the Embarkation Commandant concerned except in the case of Naval Armament Stores (explosives) for which the Naval Armament Supply Officer is responsible.

499. A copy of the claim on account of stores (other than Naval Armament Stores explosives) short-landed/damaged will be forwarded by the Embarkation Commandant to the Controller of Defence Accounts in whose area the port is located, for watching the progress of the claim. The amount recovered from the shipping companies will be credited into the treasury on Military Receivable Orders and the Treasury Receipts forwarded to the CDA in whose area the port is located for adjustment under the appropriate receipt head subordinate to Sub Major Head—Head II Navy. In the case of Naval Armament Stores (explosives) handled by the Naval Armament Supply Officer, a copy of the claim will be forwarded to CDA (Navy) who will be responsible for watching the progress thereof. The Treasury Receipts for the amounts recovered will also be sent to the CDA (Navy) for adjustment.

500. Losses on account of stores short-landed/damaged which are irrecoverable from the carriers will be adjusted at the consignee's end in accordance with the relevant rules in Financial Regulations with the concurrence of Army/Naval Headquarters.

501. A register showing the progress made with all claims will be maintained by the Embarkation Commandant/Naval Armament Supply Officer. The register will be open for inspection at any time by the Local Audit Officer.

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## CHAPTER 17

### RESULTS OF AUDIT AND FINANCIAL IRREGULARITIES

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#### Introductory

506. Audit depends for its effective value in its right and duty to report results to the proper authority so that appropriate action may be taken to rectify the irregularity or impropriety, where possible, and to prevent a recurrence of it. This authority may be a departmental authority, Government itself, or in the last resort the legislature through the Public Accounts Committee.

507. It is in the treatment of results of audit that the auditorial function demands the highest qualities of understanding, balanced judgement and sense of proportion. An auditor must develop an instinct for assessing the importance of an individual irregularity.

508. An audit office must keep before itself its primary functions of securing the substantial correctness of accounts, and the regularity and propriety of individual financial transactions. It should be remembered that while financial rules and orders must be observed, mere rigid and literal enforcement of such rules and orders may, degenerate into wholly unintelligent audit. As a general rule, undue insistence on trifling errors and technical irregularities should be avoided, and more time and attention devoted to the investigation of really important and substantial irregularities, with the object not only of securing rectification of the particular irregularity, but also of ensuring regularity and propriety in similar cases for the future. At the same time failure to appreciate the significance of what appears to be a trifling irregularity may lead to failure to discover an important fraud or defalcation. Again, notice may be taken of the cumulative effect of numerous petty errors or irregularities as indicating carelessness and inefficiency in the maintenance of accounts or in financial administration generally.

To save time and trouble over petty sums, officers of the Defence Accounts Department have been authorised to waive audit objections and to write off irrecoverable amounts, subject to the limits laid down in Financial Regulations (Rule 177 F.R. Part I vol. I 1983 Edn refers). Such powers should be exercised by those officers freely but with due discretion.

509. All observations and objections must be conveyed in courteous and impersonal terms and must be brief, legible and intelligible.

It is of the utmost importance that any statement of criticism or of irregularity in an audit report should be accurate, fair, moderately worded and dispassionate. Innuendo is forbidden; if a charge cannot be substantiated, there should not be even any hint of it.

510. Objections and observations in relation to any accounts or transactions subjected to audit should be communicated to the disbursing, stores or controlling authorities at the earliest opportunity. The detailed procedure to be followed is given in Office Manual, Part II.

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#### Treatment of Erroneous Payments Admitted in Audit

512. When erroneous payments have been admitted in audit for a considerable time owing to a wrong interpretation of financial rules or to oversight the following procedure should be observed:

- (a) When a wrong interpretation of a financial rule has been followed in an audit office, the new interpretation should, in the absence of special instructions to the contrary, be given effect to from the date of issue by the Comptroller and Auditor General of India or the C.G.D.A. of the orders stating the correct interpretation.
- (b) When erroneous payments have been left unchallenged owing to oversight, the audit office should not, of its own motion, undertake a reaudit of bills paid more than twelve months previously, but should report the facts of the case to the competent financial authority for orders, and a reaudit should be made only if so desired by the competent financial authority.

**Reports on Defalcation and Other Losses**

513. On receipt of a report of defalcation or loss of public money or stores, the Controller should call for such further information as he may require on the subject and will carefully examine the case and ascertain if the defalcation or loss was rendered possible by any defect in the rules or if it was due to neglect of rules or want of supervision on the part of the executive authorities. He will then report the result of such examination to the authority competent to write off the loss. In important cases he will also, when necessary, take further action as set out in para 520 below.

**Important Financial Irregularities**

514. In dealing with cases of loss due to fraud or negligence, over payments or other financial irregularities, it is to be borne in mind that promptitude of action is of paramount importance. Every such case should be pursued vigorously to finality so that adequate action, both remedial and disciplinary, could be taken as early as possible and delinquents do not escape punishment by mere lapse of time.

515. Irregularities detected in audit in the first instance should be brought immediately to the notice of administrative authority concerned. If, however, the irregularity is discovered by the administrative authority and if it is one which should be reported to his audit Officer/in terms of Rule 37 FR Part I vol. I (1983 Edn), it is incumbent on that authority to make this report without delay.

In either case, the irregularity, if serious, should be brought to the notice of the superior authority as soon as possible, i.e. the administrative authority should report to his superior subject to the observance of sub para 1 above and the Audit Officer to his superior. See also para 520. Very important irregularities, should also be brought to the notice of the higher authorities by including them in the report on Major Financial and Accounting Irregularities, more important of them worth highlighting should be reflected in the relevant annexures to Annual Audit Certificate vide para 523 and sub para 2 of para 520 et. seq.

516. Any vouchers or other documents in possession of the Audit Office, which the administrative authority concerned considers should be made available for the preaudit of necessary investigation, should be furnished by the Audit Officer without undue delay, and further, where the circumstances of an irregularity are complex and a special audit to investigate them has been authorised, such audit should be conducted as expeditiously as possible.

517. Overpayments should be placed under objections as soon as possible after their detection, the procedure prescribed in rules 179 and 186 Financial Regulations Part I vol. I (1983 Edn), being observed.

518. In all cases, whether they pertain to overpayments or to losses or other irregularities, it is incumbent on the Audit Officer, besides taking action as above, to examine the circumstances which led to the irregularity, and if the examination discloses a defect in the relevant rules or a situation which makes it possible for the irregularity to be occurring in other units or formations to order an immediate investigation of the accounts of the other units and formations in his audit area and simultaneously to bring the facts of the case to the notice of the C.G.D.A. for the issue of orders by him for investigation of the accounts of units and formations in other audit areas and for action towards the amendment of the defective rules.

519. It is incumbent on the Audit Officer to scrutinise the disciplinary action taken by the administrative authority concerned on any case of financial irregularity, including that of personal overpayment.

If, as a result of this scrutiny, the Controller of Defence Accounts concerned considers that the disciplinary action taken is inadequate, he should discuss the issues personally with the responsible administrative authority, or, if personal discussion is not possible, should deal with the matter by Demi Official correspondence with that authority.

If after such discussion he is still dissatisfied he should bring the case to the notice of the CGDA at the same time notifying the administrative authority concerned that he is doing so. Thereafter the CGDA will take all further action to obtain a decision and will inform the CDA of the result.

**Note 1:** Although there is no objection to the responsible administrative authority allowing the Controller of Defence Accounts access to the relevant papers, it is not incumbent on him to do so nor can an audit authority insist on such action.

**Note 2:** A write off of loss of stores or public money due to theft, fraud or neglect will not be admitted in audit until a decision has been reached on the question of disciplinary action.

520. In all individual cases of serious irregularities (vide sub para 2 of para 515) as well as in all cases of losses, overpayments, irregularities, etc. for which any blame can be attached to the Defence Accounts Department, the CDA will submit a comprehensive report to the CGDA, who will take further action

thereon. Such reports will contain, inter alia, full particulars on the following points:

- (a) as complete an explanation as possible of the whole case stating the period to which the irregularity relates and the amount involved,
- (b) the "Modus Operandi" of the irregularity;
- (c) the relevant rules, regulations and orders that were disregarded and the agency through which and the time at which the irregularity was first discovered;
- (d) the circumstances in which the irregularity could not be detected by the Defence Accounts Department earlier (where applicable);
- (e) definite views of the CDA in regard to the responsibility of the individual or individuals of the Defence Accounts Department, if any, and the action taken or proposed to be taken by him against such individual or individuals;
- (f) the action taken or recommended to be taken to avoid a recurrence of the failure, if any, in audit; and
- (g) remedial measures, if any, that suggest themselves to the CDA to prevent the recurrence of such irregularity.

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#### Major Financial and Accounting Irregularities

523. 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 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. 1 lakh 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 therefor should be reported to the C.G.D.A. either through the report itself or simultaneously with its submission.

524. The MFAI Report will be rendered in two parts viz. Part I and II, specimen proforma I and II reproduced at annexures '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 'B' 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.

525. 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 & BRDB 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 JT.CDA 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.

526. 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 Headquarters 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.

527. 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 a finality in the normal course.

528. 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.

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ANNEXURE 'A' TO CHAPTER 17

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): cash 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 R.K. 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 Accts.

ANNEXURE 'C' to CHAPTER 17—PROFORMA II

Office of the CDA.....

**Report on Major Financial and Accounting Irregularities part II—Section A—Cash irregularity**

*List of cases already reported but still outstanding*

| S.No. | Name of the unit/<br>formation | Item no. and the<br>Quarter of report-<br>ing | Brief gist of the<br>irregularity | Latest position | Remarks |
|-------|--------------------------------|---|-----------------------------------|-----------------|---------|
| 1     | 2                              | 3   | 4                                 | 5               | 6       |

**Part II—Section 'B'—Stores irregularities**

*List of cases already reported but still outstanding*

| S.No. | Name of the unit/<br>formation | Item no. and the<br>Quarter of report-<br>ing | Brief gist of the<br>irregularity | Latest position | Remarks |
|-------|--------------------------------|---|-----------------------------------|-----------------|---------|
| 1     | 2                              | 3   | 4                                 | 5               | 6       |

Dy Controller of Defence Accounts

CHAPTER 18

APPROPRIATION ACCOUNTS OF THE DEFENCE SERVICES

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**Preparation and Submission of the Appropriation Accounts**

532. The Secretary (Defence/Finance) and Financial Adviser Min. of Defence (Finance) is responsible for the preparation of the Appropriation Accounts of the Defence Services and for their submission to the Comptroller and Auditor General of India and the Director of Audit, Defence Services, on the 15th January of the year following that to which they relate. A proof copy of the accounts will be sent to those officers on the 15th December.

533. The object of the Appropriation Accounts is to present the audited accounts of expenditure from the appropriations for the year with full explanations of all important variations between the final appropriations and the actual expenditure.

534. The Appropriation Accounts deal with:

- (i) A general review of expenditure on Defence Services.
- (ii) Changes in form and classification in the accounts.
- (iii) Miscellaneous observations.

(iv) Appropriation Accounts with explanations for variations between the final appropriations and actual expenditure.

(v) Review of Military Engineer Services Expenditure.

535. The Appropriation Accounts include the following statements as appendices:

**Appendix 'A'**

Statement of losses of cash, overpayments etc, finally dealt with during the year.

**Appendix 'B'**

Statement showing by various categories, the total amount of store losses dealt with finally during the year.

**Appendix 'C'**

Statement of infructuous expenditure exceeding Rs. 1 lakh in each case with complete details and aggregate value of all items of infructuous expenditure exceeding Rs. 10,000 but not exceeding Rs. 1 lakh in each case, finally dealt with during the year.

**Appendix 'G'**

Statement showing variations between the year's original allotment and expenditure in respect of works carried out during the year.

**Appendix 'H'**

Statement showing variations between the original estimates and the actual final costs in respect of works completed during the year.

**Appendix 'J'**

Statement showing details of gifts and cases of transfer of government property of the book value exceeding Rs. 1 lakh each free or at concessional rate to non government organisations.

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**Annual Review of M.E.S. Expenditure**

538. The annual review of M.E.S. Expenditure is prepared by the Secretary (Defence/Finance) and Financial Adviser Ministry of Defence (Finance) with reference to various statements, required to be submitted to him by the Controllers of Defence Accounts concerned. The statements in question and the instructions for their preparation are given in appendix IV to this code.

539. A statement showing cases of remission of departmental charges on works undertaken by the MES for Municipalities, Cantonment Boards, Local Governments, etc., is also prepared by the Ministry of Defence (Finance) and is included as an Annexure to the Review of Military Engineer Services expenditure on the Appropriation Accounts.

**C.G.D.A.'s Certificate on the Accounts of the Defence Services.**

540. The C.G.D.A. furnishes annually a Draft Certificate to the Secretary (Defence/Finance) and Financial Adviser Ministry of Defence (Finance) not later than 1st September each year, that to the best of his knowledge and belief no part of the expenditure contained in the Appropriation Accounts for the year has been incurred without the sanction of the Government of India, where such is required by regulations or other orders, with the exception of items where the necessary sanction is awaited. Particulars of such items exceeding Rs. 50,000 in each case are furnished in the statement attached to the certificate in the proforma at Annexure 'A' to this Chapter, vide also para 542 below.

Controllers should, however, continue to cite in the Annual Audit Certificate reservations and specific instances thereof in regard to the items considered important enough to be brought to the notice of the Public Accounts Committee viz. Serious irregularities in respect of store accounts, stock verification, use of transport, etc. irrespective of whether the authority competent to regularise them is Government or not.

The above certificate is based by the C.G.D.A. on a similar certificate furnished by each C.D.A. so as to reach him by 1st August each year.

It is countersigned by the Secretary (Defence/Finance) and Financial Adviser Ministry of Defence (Finance).

541. 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 a vis the entire field of defence expenditure. Cases in which ex-post-facto sanction of the Government of India is awaited 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 (Joint Controller of Defence Accounts if holding independent charge.) and only in his absence by the next senior officer "for the C.D.A./Jt. C.D.A.", subject to the post approval by the C.D.A./Jt. C.D.A., should be self-contained, comprehensive and precisely worded. In cases of reservations or qualifications made in the certificates, 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 feature of accounting such as, state of accounts, position of stock verification, outstanding on account of payment issue, arrears in linking of invoices with accounts, etc. should, as well, be brought out in the certificate proper, duly supported by necessary details which should be furnished separately.

**Note 1:** In cases of Non-maintenance/Improper maintenance/Non-production of accounts, the statements enclosed with the Annual Audit Certificate, should contain full details of the irregularity such as the name of the unit, nature of the account, the period involved, the precise nature of the irregularity (in the case of improper maintenance of accounts) and the information as to whether the irregularity has since been set right at the time of submission of the certificates.

Note 2: The figures given by the Controller's of outstandings on account of payment issue of stores, licence fee etc. should be based on the following data:—

- |  |   |
|--|---|
| (a) Outstandings on account of payment issue of stores   | The amount outstanding for stores issued upto 31st March of the financial year as on 30th June.   |
| (b) Outstandings on account of licence fees  | Amount on account of L.F. Bills issued for the period upto the end of February outstanding as on 30th June of the following financial year.                   |
| (c) Number of outstanding audit objections   | The figures of outstanding audit objections issued upto 31st March of the financial year remaining unsettled as on 30th June of the following financial year. |
| (d) Outstanding number of CRVs which could not be linked with consignors issue vouchers/Packing Accounts/Invoices. | The number of CRVs relating to the period ending March of the financial year and remaining outstanding as on the following 30th June.                         |
| (e) Outstanding vouchers in respect of which credit could not be verified in the ledger of the consignees          | The number of vouchers relating to the period ending March of the financial year and remaining outstanding on the following 30th June.                        |
| (f) Outstanding number of vouchers to the period ending March which could not be produced for audit.               | The no. of vouchers relating to the period ending March of the financial year and not produced as on the following 30th June.                                 |
| (g) Outstanding dues on account of rent for Defence Lands.   | Outstanding dues upto 31st March of the financial year as on the following 30th June.   |

Outstanding on account of payment issues of stores and licence fee should indicate in separate statements, the partywise and yearwise breakup, giving brief reasons for the outstandings under each category and the steps taken to liquidate the same.

The following additional information should also be furnished for incorporation in the reservation of the C.G.D.A's certificate:—

- (i) The number of cases where the amount of outstandings on account of stores supplied/services rendered exceeds Rs. 50,000 in each case of private individuals/institutions and Rs. one lakh in other cases and is remaining outstanding for more than one year in the proforma at Annexure 'E' to this chapter.
- (ii) The number of cases where the amount of outstanding on account of license fee charges exceed Rs. 50,000 in each case of private individuals/institutions & Rs. 1 lakh in other cases and is remaining outstanding for more than one year in the proforma at Annexure 'F' to this chapter.
- (iii) The important cases of expenditure under objection exceeding Rs. 50,000 in each case, where sanction of Government of India is required and which were included in Annexure 'H' to previous year's Appropriation Accounts but are still awaiting regularisation, in the proforma at Annexure 'G' to this chapter.
- (iv) Cases of losses (both cash as well as stores) awaiting regularisation for more than one year and where the amounts involved are substantial enough to require sanction of the Government of India in the proforma at Annexure 'H' to this chapter.

Note 3: As regards cases of non-linking of issue vouchers, vouchers not produced for audit, etc., the total number should be indicated in the body of the certificate. Details of the more important cases only, under these heads need be given in the statements attached to the Annual Audit Certificate. The reasons for the non-linking of CRVs with issue vouchers, non-production of vouchers to audit, etc., should also be furnished.

Note 4: Cases of serious irregularities which are to be highlighted and which cannot be fitted in properly in any of the other Annexures should be lucidly brought out in a separate Annexure.

Note 5: In the printed appropriation accounts the position of the various outstandings relating to the particular financial year will, however, be reflected as on 30th June of the following year.

542. In respect of items of unauthorised expenditure or irregular issue of stores, etc., if any, for which Government sanction is awaited and the audit certificate in respect thereof cannot consequently be given vide para 540, a statement should be appended to the certificate giving full particulars of all such items, the

amounts involved, the Head of Account in which they are included, the precise circumstances in which the expenditure was incurred or the stores were issued prior to the receipt of Government sanction etc. Information regarding the relevant authority under which or the reasons for which Government sanction is necessary and the action taken to regularise the expenditure in each case will also be invariably included in the statement. Only those transactions whose monetary value exceed 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 unauthorised provision of free conveyance, extra issue of rations, stores, etc., need be included in the above mentioned statement. Cases of actual losses of stores, buildings, etc., for which sanction of Government, were required, has inevitably to be accorded ex-post-facto will not be included therein, as these will find a place in the statement of losses of stores or cash, as the case may be. Similarly, cases where ex-post-facto sanction of the Government of India awaited will not be included in the statement, as they are to be included in the body of the audit certificate, vide para 541 ante.

Controllers should, however, continue to cite in the Annual Audit Certificate reservation and specific instances thereof in regard to the items considered important enough to be brought to the notice of the P.A.C. viz. Serious irregularities in respect of store accounts, stock verification, use of transport, etc., irrespective of whether the authority competent to regularise them is Government or not.

The following points should be carefully observed in the preparation of the statement referred to above:—

- (i) The narration of each item should be self contained and complete giving full particulars of the expenditure 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 items 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.

- (iii) In cases, however, where there is a 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 therefor, the item should be so annotated in the statement and such items should also invariably exhibited in the quarterly report on the M.F.A.I. In case the item had already found a place in the report on the M.F.A.I., a reference to the item no. in the report of the M.F.A.I., should be cited.

**Note:** Items of M.E.S. Expenditure placed under objection for want of administrative approval of Government of India, fresh or revised as the case may be, which normally find place in the Annual Review of M.E.S. Expenditure need be included in the Annual Audit Certificate. However, cases of serious irregularities involving expenditure incurred on works which are not covered by the existing regulations/scales (e.g. Provision of accommodation/furniture in excess of scales, adoption of richer specifications than normally allowed etc.) will, in addition, be exhibited in the Annual Audit Certificate.

543. Where it has not been possible to include any items of unauthorised 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 effected should be dealt with as follows:

- (a) If the unauthorised 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 unauthorised expenditure was first actually brought to light, in the form of an Annexure to the regular statement of the year.

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

545. In respect of stock verification carried out by the administrative authorities a self contained explanatory note giving the general position and result 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, and whether or not it was subsequently conducted or completed, whether the results 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:** Only clear cases of non verification of stock should be listed in the note referred to in the above para. Purely technical objections of a few days delay in the completion of stock verification for the financial year need not be included. As regards cases of partial verification of stock, the number of items not verified and the proportion they bear to the total number of items required to be verified should be indicated in addition.

546. 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 Grant-in-Aid granted to Cantonment Boards from Defence Service Estimates have been audited under my directions and that the condition 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)

547. In respect of items of expenditure, which are not audited by the Defence Accounts Department i.e. Expenditure on QMG's installations, (like Flour Mills); expenditure incurred by the High Commissioner for India in the U.K. Expenditure incurred by the Director General of Supplies and Disposals on the purchase of stores for the Defence Services (including purchase 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 regularised under the normal rules in F.R. Part I Vol I 1983 Edn. due to enemy action and destruction by our own forces owing to operational necessity, as also losses of stores due to the abortive air drops, and those occurring in units and formations on war system of accounting, etc., in respect of which no formal regularisation is necessary under existing rules, have not been included therein.

548. 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 Senior Deputy/Deputy/Assistant Director of Audit/Audit Officer, Defence Services, concerned, to enable the test audit authorities to ensure that all cases of expenditure held under objection for want of Government sanction have in fact been included in the C.G.D.A.'s Certificate.

In addition, an annual report on the lines of the report on M.F.A.I. containing the unsatisfactory features which are included in the "Annual Audit Certificate" should simultaneously be forwarded to command etc. Headquarters to whom the M.F.A.I. Reports are rendered. The report while being on general lines should cite specific and typical cases of each irregularity and mention the units, the period of accounts in which they occurred etc.

549. The Annual Audit Certificate and the various statements, etc. will be prepared by Controllers after examining all objections statements (including those issued by the Local Audit Officer), and other documents containing a record of the charges compiled in the accounts of the year to which the certificate pertains, which have been placed under objection for want of the sanction fresh or revised as the case may be, of the Government of India. To facilitate the preparation of the certificate, a register will be maintained in each audit section of Controllers 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.

**Note:** The register mentioned above will be maintained in the proforma given in Annexure 'A' to this chapter.

550. Controllers will keep a close watch over the progress made in respect of each of the various reservations made in the Annual Audit Certificate and its various Annexures. A systematic record of the progress made in respect of the outstanding items will be maintained. A quarterly progress report will be

rendered showing the position of each of the reservations and the outstanding items, on the following dates:

| nature of report   | date on which to reach C.G.D.A. |
|--|---------------------------------|
| 1. Position of cases included in the AAC as on 30th September. | 7th November                    |
| 2. Further progress in respect of the same as on 31st Dec.     | 20th January                    |
| 3. Subsequent progress showing the position as on 31st March   | 15th May of the following year. |

In respect of the items of expenditure requiring Government sanction reported through the AAC, they should be progressed vigorously and reviewed immediately on receipt of necessary sanction and their settlement intimated to the C.G.D.A. separately in each case.

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#### Exhibition of Losses in the Appropriation Accounts

##### I—Losses of Cash, Overpayments, etc.

552. Losses of cash, overpayments, etc. written off by the Government of India and other competent financial authorities, and claims abandoned as irrecoverable and finally dealt with during the year are shown under the following two main categories in Appendix 'A' to the appropriation accounts of the Defence Services:

(i) **Cash losses, overpayment, irrecoverable claims, etc., due to theft, fraud, and neglect:**

- (a) details of losses, etc., exceeding Rs. 25,000 in each case.
- (b) Aggregate of all losses, etc., exceeding Rs. 50 but not exceeding Rs. 25,000 in each case.

(ii) **Cash losses, overpayments, irrecoverable claims, etc., due to other causes:**

- (a) Details of losses, etc., exceeding Rs. 50,000 in each case.
- (b) Aggregate of all losses, etc., exceeding Rs. 50 but not exceeding Rs. 50,000 in each case.

**Note:** In regard to irregularities the monetary value of which cannot be assessed only those cases which are considered important enough to merit the notice of the Public Accounts Committee should be included in the Appropriation Accounts.

The narration of each case of loss, etc., to be included in categories i (a) and ii (a) above should be brief, self contained and give information as to the exact period to which the loss pertains; amount involved; name of unit or formation; the competent financial authority by whom that loss was written off and the date of write off, action, if any taken towards its investigation, the exact circumstances of the loss, the recommendations of the Court of Enquiry held, if any, particulars of disciplinary action taken and the remedial measures instituted. The number and date of the letter in which the loss was written off should be mentioned against each item.

553. The consolidated statement of cash losses, etc., will be prepared by the CGDA with reference to the statistics and data mentioned in the following paras and forwarded to the Director of Audit Defence Services, by the 15th August each year, for eventual transmission, after test check to the Secretary (Defence/Finance) and Financial Adviser Ministry of Defence (Finance).

554. In respect of losses of cash, overpayments etc., written off by the Govt. of India, statistics are maintained centrally by the Min. of Defence (Finance). These statistics together with the statistics furnished annually by the High Commissioner for India in the U.K., Of losses, etc., Pertaining to his accounts will be utilised by the CGDA in compiling the consolidated statement of losses.

555. In respect of all losses of cash, etc., written off by Govt. of India or lower authorities, statistics will be maintained by Controller's Offices in a register in IAF(CDA)-182 which will be examined by a Gazetted Officer monthly. Similar statistics in respect of cases coming within their purview of audit will also be maintained by the LAOs in a register in IAF(CDA) 182. (The detailed procedure for the maintenance of such statistics and the submission of the statements of cash losses by the LAOs is laid down in Army Local Audit Manual Part D). From the register maintained in their offices and from the statements received from the LAOs, the Controllers will prepare annually a Statement of losses in the proforma at Annexure 'E' to this Chapter confirming to the provisions of para 552 and submit it to the CGDA through the local representative of the D.A.D.S., so as to reach the former by 31st May of the year, following that to which the statement relates.

Controllers will also prepare quarterly for the quarter ending June/Sept/Dec/Mar the details of important losses referred to in para 552 (I A) and (II A) in the proforma at Annexure 'D' to this chapter and submit them to the CGDA through the local representative of the D.A.D.S. so as to reach the former not later than the 15th August, 15th November, 15th Feb, and 31st May respectively. As far as possible all important losses referred to in para 552 (I A) and (II A) written off during the quarter should be included in the statement for that quarter itself, but any item which could not be included due to late receipt of sanctions, etc., or for other unavoidable reasons should be incorporated separately in the statement for the immediately succeeding quarter with suitable remarks. Three copies of the finalised statements of cases in respect of each item included should be obtained from the CFA and with endorsement of acceptance by the CDA/LAO, should accompany the detailed statements.

**Note 1:** For the purpose of the above statement each sanction by a competent financial authority should be viewed as a individual transaction irrespective of the number of transactions and the period covered by it and should be annotated at one place only in the statement of important losses.

**Note 2:** The annotation of important losses, viz., those mentioned at (I A) and (II A) above should conform, as far as possible, to the form in which it is printed in the Appropriation Accounts, and a self contained and complete history of each case should be furnished separately along with the statement of losses.

**Note 3:** Objections waived and irrecoverable, accounts etc., written off by Officers of the Defence Accounts Department and the Audit Department, Defence Services, under Rule 177 Financial Regulation Part I (Vol. I 1983 Edn.) and Article 248 of Audit Code respectively, need not be exhibited in the statement.

Figures of "unidentified advances" and Debtor balances written off by the CDA (Officers) and the CDA (Other Ranks) and their subordinate officers will, however, be shown in the statement of cash losses under the appropriate headings.

**Note 4:** Losses of cash due to enemy action are to be regularised under normal rules in Financial Regulation part I and such losses when regularised will be included in the main body of statement of cash losses.

Cash losses due to enemy action awaiting regularisation by Govt. of India will be included in the proforma at Annexure I to this chapter for incorporation in the reservation of the CGDA's certificate.

**Note 5:** Cases involving the provision of Govt. or Hired Transport to non entitled personnel regularised under the orders of the competent financial authority should be treated as a cash loss and shown in the statement of cash losses under the proper heading.

**Note 6:** Losses written off in respect of stores short landed at ports by shipping agents, the claim against whom are repudiated by or are not realisable from them in part or in full, should be classified as losses of cash and exhibited in the statement under the appropriate heading.

**Note 7:** Details of losses, etc., to which no precise monetary value can be assigned should also be included at the bottom of the statement.

**Note 8:** The general criterion for determining whether items of unauthorised expenditure which have subsequently been regularised by a competent sanction should be included in the statement or not will be as follows:—

"If the sanction, besides regularising past expenditure originally incurred without adequate or proper sanction, has the effect of making the item of expenditure an authorised charge subsequent to the date of sanction, the item should not be included in the statement as in such cases Government recognises the need for the expenditure but failed to provide for it earlier. Cases of ex post facto sanctions to expenditure and regularisation of irregularities in accounts and of expenditure involving no actual loss to the Govt. are also not to be included in the statement."

**Note 9:** Losses pertaining to issues of stores in which cash recoveries are required to be made i.e. Irrecoverable payment issues or free issues where issues are authorised on payment only, are to be classified as cash losses.

**Note 10:** Payment of pending enquiry awards under proper authority is not irregular payment even though the claim for pensions may ultimately be rejected. Accordingly, such payments are not required to be written off and included in the statement.

**Note 11:** Losses arising in connection with purchases effected through the Purchasing Organisations in India and abroad where the fault lies entirely with them are not required to be included in the statement, as these losses will be included in the report of the Comptroller and Auditor General of India, Union Government (Civil)/Appropriation Accounts (Civil).

**Note 12:** Losses pertaining to Cantonment Funds will not be included in the statement as these are not required to be incorporated in the Appropriation Accounts.

556. "Cases of pre partition losses/irregularities finally dealt with/regularised during the year will be intimated to CGDA by the Controllers as and when such cases arise, to enable CGDA to report the same to Min. of Defence (Finance). When no such cases are dealt with during a financial year, a Nil report should be sent by Controllers so as to reach CGDA by 15th Oct, each year."

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## II—Losses of Stores, Over Issues of Stores etc.

558. Losses of stores, over issues of stores, etc., Written off during the year by Govt. of India and other competent financial authorities are shown (in the proforma at Annexure 'C' to this Chapter) in Appendix 'B' to the Appropriation Accounts of the Defence Services. Stores losses below Rs. 500/- in consuming units will not be included in the statement.

Details of important losses etc. will be furnished in respect of following losses in an Annexure to this statement on the lines provided for cash losses:

- (i) losses exceeding Rs. 75,000 in each case due to theft, fraud, or neglect.
- (ii) losses exceeding Rs. 2 lakhs in each case due to other causes.

**Note:** In regard to irregularities the monetary value of which cannot be assessed only those cases which are considered important enough to merit the notice of the Public Accounts Committee should be included in the Appropriation Accounts.

559. Statistics in respect of losses of stores will be maintained by the Local Audit Officers in a register in IAF(CDA) 341 and by the A.A.O. (MES) in a register as provided for the purpose. The detailed procedure for the maintenance of such statistics and submission of statements of losses by the Local Audit Officers is laid down in Army Local Audit Manual Part I. Similar instructions for A.A.O. (MES) are laid down in the MES Unit Accountants Manual. From the statements furnished by the LAOs and A.A.Os (MES), the Controller will prepare annually statement in the proforma at Annexure 'C' to this Chapter and submit the same to the CGDA through the local representative of the DADS, so as to reach the former by the 31st of the year following that to which the statement relates.

The Controllers will also prepare quarterly for the Quarter ending June/Sep/Dec and March, detailed statement of Important losses referred to in sub para 2 of para 558 in the proforma at Annexure 'D' to this

chapter and submit to the CGDA through the local representative of the DADS, so as to reach the former not later than the 15th August, 7th Nov, 15th Feb and 31st May respectively. As far as possible all important losses referred to in sub para 2 of para 558 written off during the quarter should be included in the statement for that quarter but any important items which could not be included due to late receipt of sanctions etc., should be incorporated separately in the statement for the next quarter with suitable remarks.

**Note 1:** The provisions of Notes 1, 2, 7 and 8 below para 555 apply to the cases of store losses also.

**Note 2:** Even in respect of losses of buildings and furniture on charge of Air Force Units and Indian Navy, the Regional CsDA, in whose area such losses occur will be responsible for inclusion of the items in their statements of losses. In the case of special works the transactions in respect of which are brought to account finally by the CDA, Navy, Air Force, the responsibility for the exhibition of losses in the Appropriation Accounts should rest with CDA concerned.

**Note 3:** All irregular or over issue of stores should be treated as "store losses". However, loss of stores resulting from overdrawal of rations which remains unadjusted as per para 888(b) of Defence Services Regulations for the Army (revised edition 1962), will be categorised as cash losses.

**Note 4:** Each item figuring in the statement of important losses should contain a reference to the particular heading and category in which it will be included in the main statement (viz: Head I Food, Head II (a) POL etc).

**Note 5:** All avoidable manufacturing losses which are written off by the Govt. or lower authorities shall be exhibited in the Appropriation Accounts. The consolidated figures of such losses formally written off shall be included in Appendix 'B' in the proforma at Annexure 'C' under the heading "Ordnance and Clothing Stores" against Category I or II as the case may be and linked with a foot note to indicate the amount of loss due to rejection.

**Note 6:** In the case of loss due to accident to M.T. Vehicles the net loss should be exhibited in the Appropriation Accounts even though the gross amount of the loss is required to be written off by the CFA as per para 247 of Stores Accounting Instruction for the Army (1965 edn).

**Note 7:** Losses discovered at the time of Stock Taking which are not due to theft, fraud or neglect and whose value falls within the powers of the COOs/Commandants/OOs Ordnance Depots and which are, therefore, adjusted on stock taking sheets duly approved by them will also be exhibited in the statement of losses of stores in the Appropriation Accounts.

**Note 8:** Unavoidable losses and those within the permissible limits vide para 254 Store Accounting Instructions for the Army, 1965 (Edn) and losses due to adjustment to trivial discrepancies in transit in respect of Ordnance Stores upto Rs 15 need not be included in the Appropriation Accounts.

**560.** The CGDA will prepare a consolidated statement of losses of stores with reference to the statement received from the Controllers. The figures on account of losses of animals for inclusion in the Appropriation Accounts will be obtained by him from the administrative authorities at Army Hqrs and included in the All India consolidated statement. The consolidated statement in the final forms will be submitted by the CGDA to the DADS on the 15th August for eventual transmission after test check to the Secretary (Defence Finance) and Financial Adviser, Ministry of Defence (Finance).

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#### **Exhibition of Infructuous Expenditure in the Appropriation Accounts**

**563.** Controllers will submit half yearly to the CGDA through the local representatives of the DADS, a statement of Infructuous Expenditure (other than MES) in two parts viz (a) Individual item of infructuous expenditure exceeding Rs. 1 lakh in each case with complete details as indicated in para 552 ante, and (b) Aggregate value of all items of infructuous expenditure exceeding Rs. 10,000/- but not exceeding Rs. 1 lakh in each case showing interalia the number of cases involved for exhibition in lump sum. The reports for the half year ending Sept. and March will be submitted so as to reach CGDA not later than the 7th Nov and 31st May each year respectively. As far as possible all items dealt with finally during a half year will be included in the statement for that half year, but any items which could not be included therein should be incorporated in the statement for the next half year with suitable remarks (showing interalia the number of cases involved). In addition an annual statement showing the aggregate value of all items of infructuous expenditure exceeding Rs. 10,000/ but not exceeding

Rs. 1 lakh in each case showing interalia the number of cases involved will be rendered to the CGDA through the local representative of the DADS so as to reach the former by 31st May of the year following that to which the statement relates. From these statements the Controller General of Defence Accounts will prepare and forward a consolidated statement to the D.A.D.S. on the 15th August each year for eventual transmission, after test check, to the Secretary (Defence/Finance) and Financial Adviser (Ministry of Defence (Finance) for inclusion in the appropriation accounts as Appendix 'C'.

To facilitate the submission of these statements each audit section of the main office will maintain a register for the purpose.

**Note 1:** This statement will accompany the statement of cash losses.

**Note 2:** A statement of infructuous expenditure for M.E.S. will also be submitted by Controllers to the D.F.A. (Works) on similar lines through the local representative of the Director of Audit, Defence Services.

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#### **Statement Showing Variations Between the years Original Allotment and Expenditure in respect of Works Carried out during the Year**

**567.** The above statement is prepared by the Ministry of Defence (Finance) centrally from Statement 'A' attached to the Annual Review of M.E.S. Expenditure submitted by controllers to D.F.A. (w) by 1st September and included in the Appropriation Accounts as Appendix 'G'.

This statement will include all Major Works (for which provision has been made in the budget) in respect of which the original allotment or the actual expenditure during the year is Rs. 10 lakhs or more, provided the variation is 20% thereof or more. In addition, a supplementary Statement 'A' in respect of non budget Major Works estimated to cost over Rs. 2 lakhs is also submitted.

#### **Statement Showing Variations Between the Original Estimates and Actual Final Costs in Respect of Works Completed during the Year**

**568.** The above statement is prepared by the Ministry of Defence (Finance) centrally from statement 'B' attached to the Annual Review of M.E.S.

Expenditure submitted by Controllers to D.F.A. (w) by 1st September and included in the Appropriation Accounts as Appendix 'H'.

This Appendix will show original estimates and expenditure etc. And explanations of variations in respect of all Major Works finally completed during the year, the original estimate or actual expenditure on which is Rs. 5 lakhs or more, provided the variation is 10% of original estimates, or more.

#### Financial Stocktaking of Big M.E.S. Projects

569. This statement shows the financial position, as on the 31st March, of big projects, expected to take more than one year to complete, in the proforma laid down in para 138 of Office Manual Part VIII. This is prepared by the Ministry of Defence (Finance) from the reports submitted by Controllers to D.F.A. (w) by the 1st September in connection with the Annual Review of M.E.S. Expenditure.

Note : As a temporary measure, this statement is not being rendered.

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Statement showing details of Gifts and Cases of Transfer of Government Property of the Book Value exceeding Rs. 1 lakh each free or at Concessional rate to Non Govt. Organisations.

571. The details of properties, exceeding Rs. 1 lakh in book value in each case transferred free or at concessional rate to Non Government Organisations (e.g. Public corporations, Companies, Autonomous bodies, Private Institutions etc.) during the year are furnished by Ministry of Defence in triplicate (in the proforma shown in Annexure 'J' to this chapter) to the Ministry of Defence (Finance/Budget) for inclusion in the Appropriation Accounts as Appendix 'J'.

#### Commercial Appendix to the Appropriation Accounts

572. A Commercial Appendix to the Appropriation Accounts of the Defence Services is prepared and published alongwith the Appropriation Accounts of the Defence Services in one volume. It deals with the trading profit and loss and other accounts of the manufacturing and trading concerns of the Defence Services. The Appendix includes the Review of the Financial Adviser and the Accounts of the Manufacturing and Trading concerns referred to in para 573.

Note : The manufacturing accounts and the Financial Adviser's Review thereon of Ordnance, Clothing and Leather Factories will not be included in the above mentioned appendix. The accounts in respect of these Factories will be compiled and rendered by the Chief Controller of Accounts (Factories)

to the Local Test Audit Officer for certification and transmission to D.A.Ds for finalisation of audit report thereon, and to the Controller General of Defence Accounts, Director General of Ordnance Factories and Ministry of Defence (Finance) as soon as possible after the accounts of the year to which the accounts relate are closed but not later than the 15th November. The Chief Controller of Accounts (Factories) is responsible for issuing detailed instructions for compiling the Manufacturing accounts in the prescribed Form and also for the submission of such statistics as are required for the preparation of the Financial Adviser's Review.

573. The accounts of the following concerns are published in the commercial appendix to the Appropriation Accounts of the Defence Services on or before 30th April of the second year following that to which they relate :

(a) Military Farms

(b) Canteen Stores Department (India).

Note : An annual consolidated production account in respect of Bakeries in the Command will be prepared by the CsDA and examined critically with a view to finding abnormal features, if any, and detailed study of such points carried out. The Command accounts with CDA's review thereon will be rendered to Command Hqrs. for their information and action as considered essential. Unusual features, if any noticed, will be brought to the notice of the CGDA also.

574. The trading and Production Accounts of Military Farms will be compiled by the Director of Military Farms and rendered to the CGDA by the 15th Oct of the year following that to which the accounts relate.

(1) By the Controllers of Defence Accounts in the case of Bakeries so as to reach the C.G.D.A. by the 15th July of the year following that to which the accounts relate.

(2) By the Director of Military Farms in the case of Military Farms by the 15th October of the Year following that to which the accounts relate.

575. The detailed instructions for the preparation and submission of the various accounts by the Defence Accounts Department are contained in the Stores Accounting Instructions for the Army, 1965 edition. These accounts will be checked on receipt in the office of the controller General of Defence

Accounts, consolidated, where necessary and sent to the administrative authorities in the final form in which they are to be published, for acceptance, and for furnishing the necessary administrative review on working of the concerns to Ministry of Defence (Finance). Advance copies of the accounts, etc., will be sent simultaneously to the D.A.D.S., for audit and scrutiny. The original copies duly signed by the administrative authorities will be passed on to the D.A.D.S. for certification, the copies duly audited by D.A.D.S. will be sent to the Deputy Financial Adviser (Budget) by the 15th December of the year following that to which they relate, for publication.

576. Accounts of Canteen Stores Department (India) and a review thereon are furnished by the QMG's branch to Ministry of Defence (Finance) who send them to D.A.Ds for audit and scrutiny, before publication.

Audited accounts of Hindustan Aeronautic Ltd., will be obtained from the company by the Ministry of Defence (Finance) through the Ministry of Defence.

#### Appropriation Accounts for Certain Revenue and Debt Heads

577. The Secretary (Defence/Finance) and Financial Adviser Min. of Defence (Finance) furnishes the Controller General of Accounts with Appropriation Accounts for the following heads in such form and manner as may be prescribed for the purpose from time to time, so as to reach him on 30th Sept. each year.

- P. Loans and Advances by the Central Govt.
- 16 Interest on Debt and other obligations
- 120 Payments of Commuted value of Pensions.

In order to enable the Ministry of Defence (Finance) to prepare the above accounts, the C.D.A. will prepare Appropriation Accounts for the above named heads so far as they are concerned and submit them to the D.F.A (B) as laid down in paragraphs 209 to 210 and 229 Defence Account Code.

578. The following instructions will be observed in the preparation of the Appropriation Accounts referred to above :—

- (i) The actuals for the year under Loans and Advances should represent only cash transactions and not book keeping adjustment. The debits raised by the High Commissioner for India in the U.K. should be included in the actuals, but the amounts shown separately in the remarks column.
- (ii) The authority for the original and supplementary allotments should be quoted.

- (iii) The figures shown in the column 'actuals for the year' should represent the final figures for the year as shown in the March Supplementary compilation. Any variation between the compiled figures and those shown in the column 'actuals for the year' should be fully explained.

579. The balances under 'p' 'loans and Advances' outstanding on the 31st March should be analysed and reviewed by sub heads, special attention being directed to writes off, delays in repayment, acknowledgement of balances, suspensions, doubtful assets in balances, etc. Any peculiar features, viz irregular recovery of interest, remission of interest, grant of loans without necessary safeguard for recovery unusually large loans to an individual or corporate body, etc, should be commented upon. The statement of the review should be submitted by Controllers to the Deputy Financial Adviser (Budget), Ministry of Defence (Finance) on the 1st September each year as laid down in para 184 Defence Account Code.

580. A certificate in the following form will be furnished by the Controller General of Defence Accounts to the Secretary (Defence/Finance) and Financial Adviser Ministry of Defence (Finance), by the 20th November on receipt of similar certificates from the Controllers of Defence Accounts (signed by them personally) on the 15th October. "The controllers will endorse a copy of their certificate to the local statutory audit representative".

"I declare to the best of my knowledge and belief that no part of the expenditure

under  
advances under Debt

16—Interest on Debt and other obligations

120—payments of Commuted value of Pensions

P Loans and advances has incurred  
has incurred

—been— and adjusted in the accounts  
have made

for the year  
without authority superior to that of the Department or the office in cases where such authority is required by the Regulations".

**Note :** This certificate does not cover the expenditure incurred by High Commissioner for India in the U.K. and booked in the accounts for the year, which is audited by the Director of Audit, Indian Accounts, in the United Kingdom on behalf of the Comptroller and Auditor general of India.

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**ANNEXURE 'A'**

(Referred to in paras 540 and 549)

Statement showing items of expenditure exceeding Rs. 50,000 in each case awaiting the sanction of the Govt. of India

| Sl. No. | Brief particulars of items | Amount | Head of Account | Circumstances in which the expenditure was incurred and/or admitted without the necessary authority | The exact date on which the objection was first raised | The date on which the case was first referred to Command etc HQrs | The date on which the case was first referred to Service HQrs wherever known | The latest position of the case as known to the Controller | Remarks |
|---------|----------------------------|--------|-----------------|---|--|---|--|--|---------|
| 1       | 2                          | 3      | 4               | 5   | 6  | 7   | 8  | 9  | 10      |

**ANNEXURE 'B'**

(Referred to in Paras 558 and 559)

Statement showing by various categories, the total amount of stores losses pertaining to the Defence Services finally dealt with the during year.....

| Categories of losses                               | Food & Forage | POL & Aviation spirit | Other ASC Stores | M.T. Vehicles & connected stores | Other Ordnance & clothing stores | Medical Stores | MES Stores & buildings | MISC Stores | Aviation Stores | Naval Stores | Total |
|--|---------------|-----------------------|------------------|----------------------------------|----------------------------------|----------------|------------------------|-------------|-----------------|--------------|-------|
| 1  | 2             | 3                     | 4                | 5                                | 6                                | 7              | 8                      | 9           | 10              | 11           | 12    |
| Head I—Actual Losses due to theft fraud or neglect |               |                       |                  |                                  |                                  |                |                        |             |                 |              |       |
| Head II—Actual losses due to other causes          |               |                       |                  |                                  |                                  |                |                        |             |                 |              |       |
| (a) Fire . . . . .                                 |               |                       |                  |                                  |                                  |                |                        |             |                 |              |       |
| (b) Deficiencies in actual balances                |               |                       |                  |                                  |                                  |                |                        |             |                 |              |       |
| (c) Deterioration                                  |               |                       |                  |                                  |                                  |                |                        |             |                 |              |       |
| (d) Defective storage                              |               |                       |                  |                                  |                                  |                |                        |             |                 |              |       |
| (e) In transit                                     |               |                       |                  |                                  |                                  |                |                        |             |                 |              |       |
| (f) Miscellaneous causes                           |               |                       |                  |                                  |                                  |                |                        |             |                 |              |       |
| <b>Total of Head II</b>                            |               |                       |                  |                                  |                                  |                |                        |             |                 |              |       |
| <b>Grand total of Head I and II</b>                |               |                       |                  |                                  |                                  |                |                        |             |                 |              |       |

(The figures in the statements should be rounded to the nearest rupee.)

**ANNEXURE 'C'**

(Referred to in Paras 555 and 559)

| Sl. No. | Name of unit/ formation in which the loss occurred | Particulars of the loss | Period to which loss pertains | Amount | Circumstances under which the loss occurred | Details of the recommendation of the court of Inquiry if held | Particulars of disciplinary action taken | Remedial measures instituted or proposed to be instituted for the prevention of losses in future | No. & date of the loss statement of Govt. letter under which regularised. | Other remarks if any |
|---------|--|-------------------------|-------------------------------|--------|---|---|--|--|---|----------------------|
| 1       | 2  | 3                       | 4                             | 5      | 6   | 7   | 8  | 9  | 10  | 11                   |
|         |  |                         |                               |        |   |   |  |  |   |                      |

**ANNEXURE 'D'**

(Referred to in Para 555)

**Statement showing by various categories, the total amount of cash losses pertaining to the Defence Services relating to post/pre-partition period finally dealt with during the year**

| Categories of losses                     | Losses of cash proper | Overpayments and irrecoverable claims | Fraudulent use of Railway warrants | Demurrage charges | Unauthorised use of Govt. or hired transport | Other categories |
|--|-----------------------|---------------------------------------|------------------------------------|-------------------|--|------------------|
| 1  | 2                     | 3                                     | 4                                  | 5                 | 6  | 7                |
| I. Losses due to theft, fraud or neglect |                       |                                       |                                    |                   |  |                  |
| Total I                                  |                       |                                       |                                    |                   |  |                  |
| II. Losses due to other causes           |                       |                                       |                                    |                   |  |                  |
| Total II                                 |                       |                                       |                                    |                   |  |                  |
| Grand Total I & II                       |                       |                                       |                                    |                   |  |                  |

**ANNEXURE 'E'**

(Referred to in Note 2 to Para 541)

**Statement showing details of outstandings on account of payment issues/services rendered for the period ending 31st March..... as on .....**

(Individual items of over Rs. 50,000 in each case of private individuals/Institutions and Rs. 1 lakh in other cases outstanding for more than one year)

| Sl. No. | Name of the consignor or the authority which rendered service | Name of the party from whom due | Period to which the amount relates | Amount | Remarks |
|---------|---|---------------------------------|------------------------------------|--------|---------|
| 1       | 2   | 3                               | 4                                  | 5      | 6       |
|         |   |                                 |                                    |        |         |

TOTAL AMOUNT.....

**ANNEXURE 'F'**

(Referred to in Note 2 to Para 541)

**Statement showing details of outstandings dues in account of Licence Fee charges for the period ending 31st March..... as on .....**

(Individual items of over Rs. 50,000 in each case of private individuals/Institutions and Rs. 1 lakh in other cases outstanding for more than one year)

| Sl. No. | Name of the unit/formation | Name of the Party from whom due | Period to which the amount relates | Amount | Remarks |
|---------|----------------------------|---------------------------------|------------------------------------|--------|---------|
| 1       | 2                          | 3                               | 4                                  | 5      | 6       |
|         |                            |                                 |                                    |        |         |

TOTAL AMOUNT.....

### ANNEXURE 'G'

(Referred to in Note 2 to Para 541)

Statement showing items of expenditure exceeding Rs. 50,000 in each case which were included in Annex 'T' to C.G.D.A's Certificate in Appropriation Accounts (Defence Services) for previous years and which are still awaiting regularisation

| Sl. No. | Year to which the Appropriation Accounts pertain | Serial No. of Annexure 'T' | Present position of the case and action taken to expedite regularisation | Amount | Remarks |
|---------|--|----------------------------|--|--------|---------|
| 1       | 2  | 3                          | 4  | 5      | 6       |
|         |  |                            |  |        |         |

TOTAL AMOUNT.....

### ANNEXURE 'H'

(Referred to in Note 2 to Para 541)

Statement showing details of losses awaiting regularisation by Govt. of India and Ministry of Defence under delegated powers are outstanding for more than a year

| Sl.No. | Name of the Unit | No. and date of Loss statement | Amount | Particulars of loss | Present Position | Remarks |
|--------|------------------|--------------------------------|--------|---------------------|------------------|---------|
| 1      | 2                | 3                              | 4      | 5                   | 6                | 7       |
|        |                  |                                |        |                     |                  |         |

TOTAL AMOUNT.....

ANNEXURE 'I'

(Referred to in Para 571)

Statement of properties exceeding Rs. 1 Lakh in value transferred to Non-Government Organisation during the year

| Details of property transferred | Book value | To whom transfer | Purpose of transfer | Authority covering the transfer | Remarks |
|---------------------------------|------------|------------------|---------------------|---------------------------------|---------|
| 1                               | 2          | 3                | 4                   | 5                               | 6       |

## CHAPTER 19

### REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA, UNION GOVERNMENT (DEFENCE SERVICES)

|   | Para |
|---|------|
| Report of the Comptroller and Auditor General of India, Union Government (Defence Services) | 583  |
| Draft paragraphs  | 587  |
| Action on the report of the Public Accounts Committee                                       | 592  |

#### Report of the Comptroller and Auditor General of India, Union Government (Defence Services)

583. The results of test audit conducted by the Director of Audit Defence Services and his staff as also the result of internal audit conducted by the Defence Accounts Department, where he so thinks necessary, are included by the D.A.D.S. in an Annual Audit Report entitled "Report of the Comptroller and Auditor General of India for the year 19.....To 19..... Union Government (Defence Services)". This report contains such comments on the regularity and propriety of expenditure as are deemed necessary and proper to make as a result of audit investigations, including the examination of audit of accounts of receipts and of stores and stocks maintained by units and formations of Defence Services. The report contains, in addition, general remarks regarding financial administration, topics of special interest, important or typical financial irregularities, losses, etc., and general defect in administration of discipline, of which the cases of irregularity seem to afford substantial evidence, any neglect of recommendations of the Public Accounts Committee which have been accepted by the Government and any new remedy, general or particular, which the D.A.D.S. considers it desirable to suggest.

Comments which the D.A.D.S. desires to make upon the results of the audit of Trading and Profit and Loss Accounts, Balance Sheets, etc., of Commercial or quasi-commercial concerns of the Defence Services are also included in the aforesaid report of the Comptroller and Auditor General of India Union Government (Defence Services).

584. The report of the Comptroller and Auditor General of India is designed to serve a double purpose. To the Government of India, the report will show the extent to which the Defence Services are complying with its rules and orders, and will often suggest directions, in which these rules and orders can with advantage be amplified or modified or improved. To the Parliament through its Public Accounts Committee, it will reveal in general how far the Government has complied with its expressed views in matters of importance, and in a particular

how far moneys placed at the disposal of Government were regularly and properly spent. In order adequately to fulfill the latter function, the report, in addition to the points arising out of audit against provision of funds, brings to the notice of the parliament (i) important financial irregularities, such as deficiencies of sanction, failure to enforce or respect prescribed rules and procedure, offences against universally accepted standards of official conduct or financial administration, or any other class of irregularity, and (ii) cases of losses written off or nugatory expenditure.

585. The report of the Comptroller and Auditor General of India, Union Government (Defence Services) contains not only the cases of financial irregularities discovered during test audit by the audit department Defence Services, but also cases which come to notice from other sources as well, such as (a) sanctions of the Government of India (b) reports of important cases of irregularities detected in internal audit by the Defence Accounts Department and (c) the comments of the Director of Audit, Indian Accounts in the United Kingdom.

586. The action to be taken by Controllers of Defence Accounts on Draft Paragraphs proposed for inclusion in the report of the Comptroller and Auditor General of India is indicated below.

#### Draft Paragraphs

587. The draft paragraphs proposed for inclusion in the Report of the Comptroller and Auditor General of India are sent by the Sr. DDA/DDA/ADA/AO Defence Services to the Controllers concerned for verification of facts. The Controller should return the draft para within six weeks of its receipt as far as possible. On receipt of the remarks of the Controller, the former will amend the draft paragraph, if necessary, and send it to the DADs for further action. After the Director of Audit, Defence Services has accepted the draft paragraph, he will send three copies thereof (six copies in case of paragraphs pertaining to the Department of Defence Production) to the Ministry of Defence and one copy of the draft paragraph to the branch concerned of the

Services Headquarters for advance information and to enable the branch concerned to collect material to ensure quick examination and disposal of the draft paragraph. The Ministry of Defence will, before according their final concurrence, refer the file to the branch concerned who will, after recording its remarks, return the file to that Ministry through the D.F.A. Concerned. The CGDA will also be consulted in cases involving accounts matters of Defence Accounts Department. The DADs will be informed of the acceptance of the para by Ministry of Defence through a self contained note and the file passed to DFA (B) for record.

Controllers will invariably bring to the notice of the local administrative authorities and discuss with them all draft paras proposed by the audit authorities. A copy of each of the draft paras as finally concurred in by the Controller will also be furnished to the administrative authorities concerned.

588. As the draft paragraphs, by inclusion in the report of the Comptroller and Auditor General of India, Union Government (Defence Services), will ultimately come before the Public Accounts Committee, they should receive in Controllers' Office the most careful attention at the highest level possible. The draft paragraphs received from the local representative of the DADs will invariably be brought to the notice of the Command Headquarter simultaneously endorsing a copy thereof to the local administrative authorities concerned. The lower formation will however, furnish their replies/necessary details to Command Headquarters/LAO concerned who in turn will forward the same to CsDS with their comments. Controllers may allow the Command Headquarters a period of 30 days for furnishing the final replies thereto. In important cases, the matter should be discussed by the Controller with the administrative authorities before the draft paragraphs are concurred in. Normally no draft para should be concurred in without the personal knowledge of the Controller.

589. In order to ensure that the office of the CGDA gets all the necessary information in time and is fully posted with complete details of the case to deal with the draft paras when subsequently referred to him, the Controllers should endorse to the CGDA a copy of each draft para after it has been concurred in by them and returned to the Sr. DDA/DDA/ADA/AODS concerned. The advance copy of the draft para should be accompanied by a brief and self

contained explanatory note on the circumstances of the case indicating, inter alia :—

- (a) whether the irregularity was discovered in internal audit or by the test audit staff. If not detected by the Defence Accounts Department, brief reasons therefor should be furnished;
- (b) if the items was discovered in internal audit, whether it was reported to the administrative authorities, and if so, with what result; and
- (c) whether the draft paragraphs were brought to the notice of the administrative authorities; where the draft paras were discussed with those authorities a gist of the discussion should be supplied.

590. The controllers should examine the draft paras with a view to ascertaining whether any failure to detect the irregularity, or to take proper and prompt action after detection, can be attributed to the Defence Accounts Department. The Controller's opinion on this point should be expressed in the explanatory note to the CGDA. Information regarding the period to which the irregularity pertains, when it was detected in internal audit, when it was reported to the higher authorities and the result of this reference, the extent and nature of failure on the part of the executive, details of disciplinary and remedial measures taken, if any etc., which will be helpful in assessing the extent to which the Defence Accounts Department could be held responsible for failure, should invariably be furnished to the CGDA in the explanatory note. In cases where failure can be attributed to the Defence Accounts Department, the Controllers should indicate clearly the responsibility of the individuals concerned and the disciplinary action taken or proposed to be taken against them.

591. After taking into consideration the facts communicated by Controller and other factors known to him, the CGDA will suitably endorse the file containing the draft paragraphs proposed by the DADS for inclusion in the report of the Comptroller and Auditor General of India, Union government (Defence Services), when such cases are referred to him.

#### Action on the Report of the Public Accounts Committee

592. The report of the Public Accounts Committee is submitted to the Government of India, who consider its recommendations arising out of the report of the Comptroller and Auditor General of India. The orders passed by the Government on the recommendations of the Public Accounts committee affecting the Defence Services, will be communicated to Controllers, in due course, by the CGDA with any supplementary instructions considered necessary.

## APPENDIX 1

(Referred to in para 158)

### INSTRUCTIONS FOR THE MAINTENANCE OF RECORDS OF SERVICE OF REGULAR OFFICERS OF THE INDIAN ARMY (INCLUDING NURSING OFFICERS) BY THE CDA(O) AND CIVIL ACCOUNTS OFFICERS PAYING MILITARY OFFICERS IN CIVIL EMPLOY

1. In addition to the records of service maintained by the administrative authorities on IAFZ 2041 and other prescribed forms, records of service will be maintained on cards (IAF (CDA) 313) by CDA (Officers) for all regular officers (including Nursing Officers) of the Indian Army in Military employ and by Civil Accounts Officers in respect of Army Officers (including Nursing Officers) in Civil employ.

2. Following items will be entered in the service cards:—

- (a) Unauthorised absence and leave without pay and allowances.
- (b) Service forfeited for purpose of pension by special orders.
- (c) In the case of officers deputed to foreign service: full particulars of the period of deputation citing reference to the Ministry of Defence letter and the allocation of pensionary liability.
- (d) In the case of officers who were holding non-regular commission before the grant of permanent regular commission: details of any gratuity other than war gratuity paid for non-regular service.

3. When an Army Officer (or a Nursing Officer) passes from the payment of the CDA (Officers) to that of Another Accounts Officer, or vice versa (permanently or temporarily) the Accounts Officer concerned issuing the Last Pay Certificate will forward the service card, duly completed upto the date of transfer of the officer concerned, alongwith the Last Pay Certificate, and the further maintenance of the card will then devolve on the Accounts Officer responsible for maintaining the pay accounts of the officers.

**Note:** The service card received with the last pay certificate should be checked to see that the entries, made therein date back to the Officer's (or Nursing Officers) date of regular Commission and that it is complete and upto-date in all respects.

4. When an Army Officer (or a Nursing Officer) proceeds on deputation to the U.K. and passes into the payment of the High Commissioner for India in the U.K. The Accounts Officer in India who issues the Last Pay Certificate will continue to maintain the card for the period of deputation. The necessary particulars for the completion of the card will be obtained from the Last Pay Certificate, received from the above authority when the officer (or the Nursing Officer) returns to India.

5. When an Army Officer (or a Nursing Officer) is lent for foreign service, in or out of India the card will be maintained by the Accounts Officer who is responsible for the recovery of foreign service contributions. The foreign employer under whom the officer is serving should be asked in a letter to be sent with the officer's Last Pay Certificate to communicate any change in the officer's service and any leave granted to him/her.

6. (a) When any Army Officer (or a Nursing Officer) retires or when a grant of pension is made to his or her family if he or she dies while on the active list, the CDA (Officers) will complete the original service card (including the summary) and forward it along with the Last Pay Certificate to the CCDA (PENSIONS), Allahabad, to enable the latter to allocate the pension charges of the officer (or the Nursing Officer) among the different Departments/Governments under which the officer served.

(b) In the case of an officer in Civil employ, whether permanently or temporarily, who retires/dies on the active list, the card duly completed will be forwarded by the Civil Accounts Officer to the CDA (Officers). The CDA (Officers) will complete the summary on the reverse of the card and take action as at (a) above.

## APPENDIX 2

### LEAVE PROCEDURE

(Referred to in para 157)

#### Certificate of Admissibility

**1. JCOs, ORs and Civilian non-gazetted establishments.**—In the case of these categories of personnel, no certificate of admissibility from the Controller of Defence Accounts concerned is necessary, but the authority sanctioning the leave should satisfy himself that the leave is admissible.

**2. Army Officers.**—CDA (O) is not required to certify to the admissibility of the leave but the authority sanctioning the leave should satisfy himself that the leave is admissible. On receipt of Part II orders notifying the grant of leave; the CDA (O) should audit the title to leave in full.

**3. Army Officers in Civil employ.**—(a) When an Army Officer becomes subject to the Civil Leave Rules, the Controller of Defence Accounts (Officers) will on application and on being furnished with the date of commencement of active service in civil employ, furnish to the Accountant General to whose audit he becomes subject, a memorandum showing the furlough earned, the different kinds of leave taken (distinguishing those which should be deducted from the maximum furlough admissible) and the balance of furlough due under the Leave Rules for the Service vol I Army.

(b) When an Army Officer in Civil employ, but subject to Leave Rules for the Services vol. I Army, applies for leave, the Controller of Defence Accounts (Officers) will, on application, furnish the Civil Accountant General concerned, with information regarding the amount of leave to which the officer is entitled under LEAVE RULES for the Services vol. I Army and the rate of leave pay and allowances admissible during such leave period.

**4. Government servants in foreign service.**—In the case of officers and others on foreign service, the Controller of Defence Accounts from whose payment the individual went on foreign service should report on the admissibility of any leave applied for.

**5.** In cases where Audit Officers are required to certify to the admissibility of the leave, no leave should be sanctioned until such certificates have been granted.

**6.** If in dealing with applications for leave from an Army Officer in civil employ, whether subject to Army or Civil Leave rules the Civil Accountant General considers it necessary to consult the Controller of Defence Accounts (Officers), the latter will render all help and advice required in the matter.

#### Payment of Leave Salary in India

**7.** No officer can draw his leave allowance in India except from the Audit Officer who audited his pay before he proceeded on leave.

**8. Civilian Gazetted Officers.**—An officer proceeding on leave within Indian limits may draw pay and allowances due to him on his personal account through any banker or agent who has executed a general bond of indemnity to the President for payments relating to or for persons whose salaries or pensions are debitable to the Central Government or whose bond of indemnity executed prior to 1st April, 1937 continues to be valid under the Treasury Rules. A list of such banks and agents is given in appendix 9 to Financial Regulations part II.

**9. Civilian non-gazetted establishment.**—The leave salary of a non-gazetted civilian government servant on leave in India or on leave out of India cannot be drawn in India, except over the signature of the Head of his office, and the latter is responsible for any overcharge.

#### Leave Salary Advance

**10.** An officer/a non-gazetted Government servant can draw leave salary advance from the Controller of Defence Accounts concerned if he proceeds on leave for a period of not less than a month/30 days. The amount of leave salary advance is restricted to the net amount of leave salary for the first month of leave that is clearly admissible to him after deductions on account of Income Tax, Provident Fund, Licence Fee, repayment of advances etc., so that no financial risk is involved. The advance so drawn is adjusted in full in the leave salary bills pertaining to the period of leave availed of. In case where the advances cannot be so adjusted in full, the balance will be recovered from the next payment of pay or/and leave salary.

11. **JCOs and Other Ranks.**—When proceeding on leave, JCOs and Other Ranks are granted advances of pay as laid down in “pay and allowances regulations (for JCOs, ORs, and NCs(E) of the Army) (ORs)”.

12. **Army Officers.**—Leave allowance will be drawn in the IRLAs. in the normal manner and the amounts disbursed to their authorised bankers who have executed a general bond of indemnity with the President of India under Rule 247(2) compilation of the Treasury Rules Vol. I or in special cases, to the officer themselves direct if so requested by them.

**Payment of Leave Salary to Officers on Leave Ex-India**

13. Unless the President by general or special order otherwise directs, leave salary shall be drawn in Rupees in India. Officers on study leave outside India shall, however, draw their leave salary abroad.

If leave is spent outside India the Government servant must make his own arrangement to draw his leave salary in Rupees in India and to remit such portion of it to the foreign countries as is permissible under the foreign exchange regulation for pleasure travel abroad.

## POWERS OF THE CONTROLLER GENERAL OF DEFENCE ACCOUNTS

**Note:** This appendix does not describe the administrative powers of the CGDA which will be found in Office Manual Part I.

### PART I

#### Powers of Sanctioning Expenditure

1. The CGDA may sanction expenditure or advances of public money in those cases only in which he is authorised to do so by:

- (a) any Codes or Regulations issued by or with the approval of the Government of India; or
- (b) any order of the Government; laying down a scale or maximum scale of expenditure; or
- (c) these rules.

2. The CGDA is empowered to sanction expenditure on contingent and miscellaneous expenditure as head of Department under Rule 10(3) of the Delegation of Financial Powers Rules 1978, subject to the provisions contained in Schedule V (and Annexure thereunder) and Schedule VI thereof as amended from time to time.

**Note:** The financial powers in respect of certain items of contingent expenditure liberalised and given to Heads of Departments vide Government of India, Ministry of Finance (Department of Expenditure) No. F. 10(3)E (Coord)/67 dated 18-10-68 are indicated in the Annexures to this Appendix.

#### Appropriation and Re-appropriation

3. The CGDA is responsible on behalf of the Secretary (Defence/Finance) and Financial Adviser Ministry of Defence (Finance) for the control is expenditure under the grants made in the sanctioned Budgets estimates for the civil services under the following heads pertaining to the Defence Accounts Department (including his own office).

### PART I

#### Consolidated Fund of India

##### Revenue Receipts/Expenditure met from Revenue

- c. Administrative Services
19. General Administration.
- C. Secretariat and attached offices—Civil Secretariat (Department of Expenditure) Defence Accounts Offices.

- (1) Establishment charges.
  - (i) Salary of Officers
  - (ii) Salary of Establishment
  - (iii) Dearness Pay and Allowances
  - (iv) Other Allowances

(2) Interim Relief

(3) Travelling Expenses

(4) Other charges (including miscellaneous and Contingent (Expenditure)).

4. The CGDA is responsible for obtaining additional funds if the total provision under the respective heads, mentioned above is likely to be exceeded. The grants made under the above heads may be allotted or re-allotted by him between the several Defence Accounts Offices including his own office as required. He may also re-appropriate funds from one detailed head to meet authorised expenditure under another detailed head within the same sub head.

#### Powers for Write Off

5(a) The CGDA may sanction the write off of losses of cash due to Robbery, Accident, Embezzlement and similar other causes upto a limit of Rs. 500 in each case.

(b) The CGDA may as Head of the Department sanction the write off of irrecoverable losses of Defence Accounts Department stores and or of Public Money (including loss of stamps), subject to the limits and conditions laid down in, Schedule VII to the Delegation of Financial Powers Rules, 1978 as amended from time to time.

(c) The CGDA is empowered to sanction condemnation of Typewriters upto Rs. 10,000 in each case.

#### Powers as Head of the Department

6. The CGDA is the Head of the Defence Accounts Department and exercises certain powers of Head of the Department, in respect of the personnel of his department, as laid down in the various Rules, Regulations, codes and Government Orders delegating to him such powers.

7. The DCGDA and CSDA exercise the powers under FR. 56 of FR & SR Pt I as amended from time to time regarding continuance in service or otherwise beyond the age of 55 years in respect of Group C and D establishments under their respective control.

## Fees and Honoraria

8. The CGDA is the competent authority in respect of the personnel of the Defence Accounts Department for the purpose of the rules regulating the grant of fees and honoraria, laid down in Financial Regulations, Defence Services.

## Telephones

9. The CGDA is given full powers to sanction installation of telephones in Defence Accounts Offices and to sanction residential telephones in respect of (a) officers in the Junior Administrative grade and above (b) Deputy Controllers of Defence Accounts in charge of Administration and (c) all officers in over all charge of independent offices. CGDA may also sanction residential telephones in other cases upto a ceiling of 5 telephones for the Defence Accounts Department as a whole.

(Authority: item 26 of Annexure to Sch. V of Delegation of Financial Powers Rules 1978 and Government of India, Ministry of Finance, Department of Expenditure Defence Division No. C/J/1/16 of 10-3-66) and as amended by their OM No. F. I. (21) E. II(A) 84 dt. 14-12-84.

## PART II

## Audit Powers

**Note:** The word "audit" as used in the rules in this part refers to the internal audit functions exercised by the CGDA and his staff as distinct from statutory audit functions exercised by the DADS on behalf of the Comptroller and Auditor General of India.

10. The Secretary (Defence/Finance) and Financial Adviser, Ministry of Defence (Finance) is responsible for the maintenance of the accounts of Defence Services. The following rules define the duties and powers of the CGDA as regards internal audit, and he is vested with these powers by the Secretary (Defence/Finance) and Financial Adviser, Ministry of Defence (Finance) on whose behalf he will exercise them.

11. The CGDA will, if so, required by the Ministry of Defence (Finance);

- (i) arrange for the audit of the accounts of receipts and expenditure of any public or quasi-public department under the Min. of Def. although they may not relate directly to the receipt and expenditure of Government moneys; and
- (ii) arrange for the audit of stores or stock in the possession of an officer or a department under the Ministry of Defence.

12. If the CGDA considers it desirable that the whole or any part of the audit applied to Government accounts or to any other accounts, which he is required to audit under rule, shall be conducted in the offices in which those accounts originate, he may require that these accounts together with all books, papers and writings having relation thereto shall, at all convenient times, be made available in those offices for inspection by his Audit Officers.

13. When an objection taken in the course of audit cannot be settled by a Controller of Defence Accounts in consultation with the authorities concerned, the CGDA may either instruct the Controller to withdraw the objection, or require the administrative authorities concerned to obtain the requisite sanction or, in default to recover the amount under objection, subject to the proviso that the CGDA will withdraw the objection if so, decided by the Secretary (Defence/Finance) and Financial Adviser, Ministry of Defence (Finance).

14. The CGDA cannot be over-ruled by the Ministry of Defence on a question of rules or procedure in relation to defence expenditure without the concurrence of the Comptroller and Auditor General of India and the Secretary (Defence/Finance) and Financial Adviser, Ministry of Defence (Finance).

15. Similarly the D.A.D.S. has no power to overrule the decisions given by the C.G.D.A., such power, lying only with the Secretary (Defence/Finance) and Financial Adviser, Ministry of Defence (Finance) and the Comptroller and Auditor General of India.

The DADs can be overruled only by the Comptroller and Auditor General of India and where there is a final disagreement between the CGDA and the DADs the point at issue will be referred by the Secretary (Defence/Finance) and Financial Adviser, Ministry of Defence (Finance) to the Comptroller and Auditor General of India through the DADs.

16. The CGDA may, on his own motion, and shall, on reference being made to him by the Ministry of Defence or Services Headquarters review the decision of any Defence Accounts Officer serving under his administrative control and if he thinks fit, over-rule it.

17. The CGDA shall have power to require that any books, papers or writings relating to the accounts audited by the Defence Accounts Department should be sent for inspection by him or by any other officer of the Defence Accounts Department provided that:

- (i) if the Ministry of Defence certifies that the documents in question are secret, the CGDA or other Defence Accounts Officer, as the case may be, shall accept in lieu of all such documents and as a correct account of the facts stated therein, the statement certified by the Ministry of Defence; and

APPENDIX

(ii) if the documents are confidential, the officer to whom they are made over, shall be made responsible for the preventing disclosure of their contents.

18. The CGDA shall, with the approval of the Secretary (Defence/Finance) and Financial Adviser, Ministry of Defence (Finance), prescribe the forms in which accounts shall be kept in Defence Accounts Offices provided that no change which will affect the form of the Finance and Revenue Accounts shall be made without the previous sanction of the Comptroller and Auditor General of India.

**Annexure to Appendix 3 of Defence Audit Code**

| Sr. No. | Item of Expenditure  | Sr. No. of item in schedule V of DFPR 1978 | Liberalised powers |
|---------|--|--|--------------------|
| 1       | 2  | 3  | 4                  |
| 1.      | Fixures and furniture purchase and repairs                                       | 5  | full powers        |
| 2.      | Hire of office furniture, Electric fans, Heaters, Coolers, Clocks and Call Bells | 7  | full powers        |

| 1  | 2   | 3     | 4  |
|----|---|-------|--|
| 3. | Printing and Binding                              | 14    | (i) where work is executed through Chief Controller of Printing and Stationery—Full Powers<br>(ii) other cases Rs. 5000 P.A.   |
| 4. | Local purchase of petty stationery stores         | 21(b) | To the extent as may be delegated by Ministry of Finance<br>Note: The existing financial powers are Rs. 25,000 P.A. (for all the offices including his own office) only with the concurrence of controller of Stationery (authority: Govt. of India, Ministry of Finance Department of Expenditure OM No. F-1(21)-E.II(A)/84 dated 14-12-1984. |
| 5. | Local purchase of rubber stamps and office Seals. | 21(c) | Full powers  |

APPENDIX 4

ANNUAL REVIEW OF MILITARY ENGINEER SERVICES EXPENDITURE  
(Referred to in para 538)

1. The Review is prepared by the Secretary (Defence/Finance) and Ministry of Financial Adviser Defence (Finance). It covers Army, Factory, Air Force and Naval Works expenditure. For its preparation, the Regional Controllers of Defence Accounts are to submit the following statements to the Deputy Financial Adviser (Works), Ministry of Defence (Finance), so as to reach him not later than the dates shown below every year:

| Name of the statement   | Date on which due to reach DFA(W) |
|---|-----------------------------------|
| 1   | 2                                 |
| 1. Statement A(i): showing all Major Works in respect of which the original estimates, appropriation or the actual expenditure incurred during the year is Rs 10 lakhs or more provided the variation is 20% thereof or more  | 16th August                       |
| (ii) Showing all non budget Major Works estimated to cost over Rs. 10 lakhs on which expenditure was incurred during the year.  | 16th August                       |
| 2. Statement 'B': Showing Major works financially completed during the year the original estimates or actual expenditure on which is Rs. 5 lakhs or more provided the variation is 15% of the original estimates or more with explanations for variation between original estimates and expenditure | 16th August                       |
| 3. Statement C : Showing expenditure placed under objection   | 10th August                       |
| 4. Statement 'D': Showing irregularities in connection with contracts, the acceptance of tenders etc, and excess expenditure owing to rates for works not having been kept to the minimum   | 15th July                         |

| 1  | 2             |
|--|---------------|
| 5. Statement 'E': Showing rush of expenditure in March with reasons therefor   | 15th July     |
| 6. Statement 'E' Supplementary:<br>(i) Showing rush of expenditure in respect of works consisting over Rs. 25 lakhs<br>(ii) Cases in which the expenditure during March is two times or more than two times the average of the preceding eleven months | 15th July     |
| 7. Statement 'F': Showing the miscellaneous irregularities of important nature such as losses, non recovery of licence fee etc.  | 15th July     |
| 8. Statement 'G': Showing the actual working of the standard schedule of rates, in respect of contracts of Rs. 1 lakh and above based on S.S.R.  | 15th July     |
| 9. Statement 'H': Showing laps of funds due to bad or non planning in respect of new schemes costing Rs. 5 lakhs and above where savings are 100% or more of the original appropriations   | 1st September |
| 10. Statement showing working of quantitative system of stores accounting and stock verification   | 15th July     |
| 11. Statement showing expenditure incurred on operational works  | 16th August   |
| 12. List of cases of remission/reduction of Department charges   | 1st September |

## APPENDIX

2. Detailed instructions regarding the preparation of the above mentioned statements and the information to be included therein are given in chapter IX of Office Manual, part VIII. It is of considerable importance that the statistics required for the above mentioned statements should be collected throughout the year as audit progresses and cases are brought to the notice. This work should not be left over till the time for the rendition of the statements approaches. The statements should be fully informative, in addition to the notes in the columns of each statement, Controllers may give a covering note to any statement emphasizing the points which they consider important.

3. It is essential that the various points brought out should be discussed by the Controllers with the local M.E.S. Authorities and Chief Engineers of commands, particularly those which are debatable. The views of command Hqrs should also be obtained on the points on which the local engineer authorities and the C.D.A. disagree. The report should be

furnished after full consultations with such authorities and any points of difference brought out after attempts have been made by personal discussion to reconcile the different points of view. Specific mention should be made of cases in which the administrative authorities concerned have by their policy or procedure, protected or advanced the financial interests of government.

It is desirable that instances of improvement and all tendencies towards improvement should be brought to light along with the reverse type of cases.

4. The review should not, however, contain controversial suggestions relating to the alteration of the existing procedure or system. On the other hand, actual cases brought to light, even though controversial, should be included after discussion with the administrative authorities, and an agreed opinion on each such case should be recorded or the differences of opinion clearly stated.

## APPENDIX 5

### POWERS OF CONTROLLER OF DEFENCE ACCOUNTS

(Note: This Appendix does not deal with the administrative powers of the CsDA which will be found in Office Manual Part I).

#### PART I

##### Powers of sanctioning expenditure

1. The CDA may sanction expenditure or advances of public money in those cases only in which he is authorised to do so by (a) any codes or regulations issued by or with the approval of Government of India or (b) any order of the Government laying down a scale or maximum scale of expenditure or (c) these rules.

2. The CDA is empowered to sanction expenditure on contingent charges and miscellaneous expenditure as Head of Department under rule 10(3) of the Delegation of Financial Powers Rules, 1978, subject to the provisions contained in schedule V (and Annexure thereunder) and schedule VI thereof as amended from time to time.

3. Powers of write off.—The CDA may sanction write off of the following losses:

- (i) Irrecoverable losses of stores or public money (including loss of stamps).....  
Rs. 1,000/.
- (ii) Deficiencies and appreciation in the value of stores including the stock and other accounts  
Rs. 1,000/.

A record of such sanctions will be kept and made available for inspection.

#### PART II

##### Audit powers

4. In order to avoid unnecessary time and labour on cases of simple and unimportant character the Controllers have been delegated powers by the Government of India in the Ministry of Defence (Finance) to write off amounts not exceeding Rs. 200 in each case in respect of DAD personnel whose pay bills are audited by them in cases where expenditure under objection has, for any reason, become irrecoverable.

5. The Controllers of Defence Accounts have been delegated powers by the Government of India in the Ministry of Finance (Defence) vide their letter no. 13074/AT Coord dated 13-11-59 read with their no. 13074/AT Coord dt. 18-7-72 and corrigendum of even no. dt. 25-11-72 (reproduced below) to waive procedural/non-financial objection which do not involve any monetary value or loss to the Government without reference to local administrative authorities subject to the conditions laid down in the Government letter.

“Government of India in the Ministry of Finance (Defence) letter no 13074/AT Coord dated 13-11-59 addressed to the CGDA on the subject of speedy settlement of audit objections”

1. I am directed to refer to your U.O. No. 13074/AT Coord dated 22-10-59 and to convey the sanction of the President to the delegation to the Controllers of Defence Accounts of powers to waive procedural/non-financial objections i.e. those which do not involve any monetary value of loss to Government without reference to the local administrative authorities provided the controllers are satisfied that the objections are petty and do not disclose any inherent defect of procedure or persistent irregularity.

2. Any subsidiary instructions considered necessary may be issued by you.

3. These orders will have affect from the 28th of March, 1959.

“Government of India, Ministry of Finance (Department of Expenditure) (Defence Division) New Delhi letter no. 13074/AT Coord dt. 18-7-72”.

I am directed to refer to your U.O. Note no. 13074/AT Coord dt. 14-9-71 and to convey the sanction of the President to the enhancement of powers vested in officers of the Defence Accounts Department under

APPENDIX

Rule 177 of the Financial Regulations, part I (1983 edition) to the extent indicated below:

| Rule in the financial regulations      | Existing powers Rs. | Enhanced powers: Rs. |
|--|---------------------|----------------------|
| Rule 177(i) F.R.Pt i                   |                     |                      |
| C.D.A.                                 | 125/                | 250/                 |
| JT. CDA                                | 100/                | No change            |
| DCDA/ACDA holding group charge or area | 50/                 | 75/                  |
| Accounts Office A.C.D.A./A.O.          | 25/                 | No change            |
| SO (A) AAO                             | 10/                 | No change            |
| RULE 177 (II) F.R.PT. I                |                     |                      |
| C.D.A.                                 | 250/                | 500/                 |
| J.C.D.A.                               | 150/                | 200/                 |
| DCDA/ACDA holding group charge or area | 100/                | 150/                 |
| Accounts Office A.C.D.A./A.O.          | 25/                 | 50/                  |
| S.O.(A)/AAO                            |                     | 25/                  |
| RULE 177 (III) F.R.PT. I               |                     |                      |
| C.D.A.                                 | 250/                | 500/                 |
| J.C.D.A.                               | 150/                | 200/                 |

| Rule in the financial regulations         | Existing powers Rs. | Enhanced powers: Rs. |
|---|---------------------|----------------------|
| DCDA/ACDA holding group charge or area    | 100/                | 150/                 |
| Accounts Office A.C.D.A./A.O. S.O.(A)/AAO | 10/                 | 50/ 25/              |

The powers as mentioned above will be exercised by the Controllers and their officers dealing with fund accounts for waiving of objections pertaining to non recovery/overpayment of fund balances provided such non recoveries/overpayments are not due to any mistake in accounting but represent overpayments established as irrecoverable for any other reasons.

Note: CDA (ORS) NORTH Meerut will exercise the powers of CDA (FUNDS).

F.R. Part I will be amended in due course.

"Copy of Govt. of India, Min. of Fin. (Deptt. of Exprd.) (Def. Division) New Delhi Corrs. No. 13074/ AT Coord dated 25-11-72 addressed to the Financial Adviser Defence Service, New Delhi.

## CONCORDANCE

Showing Para by Para where provisions of Defence Audit Code (1972 Edition) have been incorporated in  
Defence Audit Code (1992 Edition).

| Paras in 1972<br>Edition | Corresponding<br>Paras in 1992<br>Edition | Remarks | Paras in 1972<br>Edition | Corresponding<br>Paras in 1992<br>Edition | Remarks |
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| Paras in 1972<br>Edition | Corresponding<br>Paras in 1992<br>Edition | Remarks | Paras in 1972<br>Edition | Corresponding<br>Paras in 1992<br>Edition | Remarks |
|--------------------------|---|---------|--------------------------|---|---------|
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