

Preface

For quite some time, a strong need has been felt to have a comprehensive Internal Audit Manual for conducting Internal Audit of Border Roads Organisation. Accordingly 'Internal Audit Manual' (Border Roads) has been prepared & being published for the first time. This Manual is a departmental publication. The instructions contained therein are supplementary to the Rules in the Civil and Defence Audit and Account Codes, Financial Regulations, Border Road Regulations, Store Accounting Instructions, Scale of ASC Supplies, Office Manuals for DAD and Regulations for MES and other Govt. orders/instructions issued from time to time.

2. This Manual contains instructions for internal audit of store Accounts and Cash Accounts of BRO Units and Formations as well as HQ DGBR and includes concepts such as Risk Prone Areas of Internal audit. Special care has been taken to incorporate guidelines for conducting audit in an automated environment. Keeping in view the Internal Audit as a valuable tool for the executive authorities a special attempt has been made to make the auditing process complementary to the executives endeavor to accomplish their work in the best possible manner.

3. With the help of this manual the work and functions of the BRO will be better understood and followed to save time and effort in disposal of cases. All officers and members of staff should make themselves conversant with the contents of this manual.

4. The Principal Controller of Defence Accounts (Border Roads) New Delhi will be responsible for keeping the Manual up to date.

Place: New Delhi
Dated: 26/07/2013



(Smt. Bindu Agnihotri)

Addl. Controller General of Defence Accounts



LO DGBR

WBW

KOLKATA

PATHANKOT

16 BRTF
753 BRTF



LEH

HIMANK

32 BRTF
35 BRTF
760 BRTF



SRINAGAR

BEACON

13 BRTF
31 BRTF
50 BRTF



JAMMU

SAMPARK

38 BRTF
759 BRTF



DEEPAK

21 BRTF
36 BRTF



SHIVALIK

NIL



HIRAK

45 BRTF
49 BRTF



BIKANER

CHETAK

NIL



ROHTANG

762 BRTF



VIJAYAK

PUNE
GREF Center

TEZPUR
EBW

764 BRTF
758 BRTF



SWASTIK

19 BRTF
47 BRTF



DANTAK

THIMPU

48 BRTF
752 BRTF



UDAYAK

DOOM DUMA

46 BRTF
755 BRTF



SETUK

44 BRTF
761 BRTF



BRAHMANK

756 BRTF
23 BRTF



ARUNANK

14 BRTF
42 BRTF
763 BRTF



VARTAK

TEZPUR

15 BRTF
25 BRTF



SEWAK

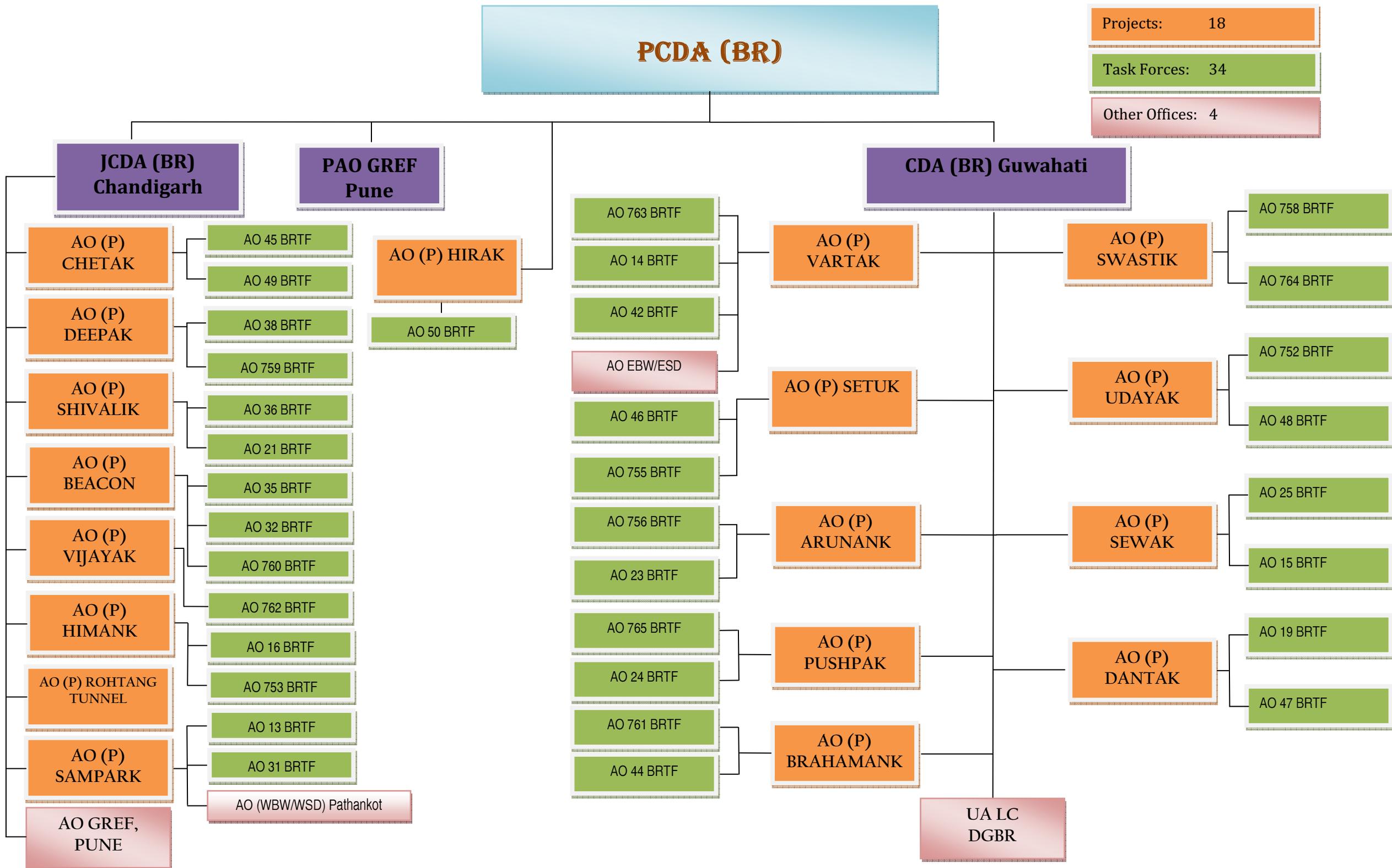
DIMAPUR

24 BRTF
765 BRTF



PUSHPAK





Projects: 18

Task Forces: 34

Other Offices: 4

Definitions

1. Skeleton List :
Skeleton list is the list with which vouchers are forwarded by the issuing Unit to their Internal Audit Officer, i.e. AO(P)/AO TF.
2. Top List :
Top list means the forwarding memo on IAFZ-2014 (or its equivalent) which shows the consignee units, total nos of vouchers for each Unit and grand total of the vouchers on the list and is sent by the consignor's AO to the consignee's AO with transfer /central or local purchase vouchers for verification of credits in the store accounts of the consignees.
3. Linking :
Linking means bringing together an entry in ledger etc. and supporting voucher, to ensure that the entry in the ledger, etc., is strictly in accordance with the voucher, or vice versa.
4. Pairing :
Pairing means bringing together two documents which are supposed to be facsimile copies one of the other, to ensure that they are in fact, identical.
5. Castings :
Casting means vertical and horizontal totalling .
6. Issue Voucher :
A voucher on which stores are issued.
7. Receipt Voucher :
A voucher on stores are received.
8. Consignor's Unit :
Unit/Formation issuing the stores.
9. Consignee's Unit :
Unit/Formation receiving the stores.
10. Competent Financial Authority(CFA) :
Is the authority within whose financial powers the amount at issue falls.
11. Transfer Voucher :
A voucher on which stores are transferred from one Unit/Formation to other.

Abbreviations

AA	<i>Administrative Approval</i>
AAO	<i>Assistant Accounts Officer</i>
ACR	<i>Aquittance Roll</i>
AE	<i>Approximate Estimate</i>
AO	<i>Accounts Officer</i>
AON	<i>Acceptance of Necessity</i>
AO TF	<i>Accounts Officer Task Force</i>
AO(P)	<i>Accounts Officer(Project)</i>
ASC	<i>Army Supply Corps</i>
ATG	<i>Annual Training Grant</i>
Addl CDA(BR)	<i>Additional Controller of Defence Accounts (Border Roads)</i>
BCC	<i>Bridge Construction Company</i>
BD	<i>Base Depot/Book Debit/Barrack Damage</i>
BE	<i>Budget Estimate</i>
BER	<i>Beyond Economical Repair</i>
BLR	<i>Beyond Local Repair</i>
BR	<i>Bill Register</i>
BRDB	<i>Border Roads Development Board</i>
BRO	<i>Border Roads Organisations</i>
CBI No	<i>Cash Book Index Number</i>
CDA(BR)	<i>Controller of Defence Accounts(Border Roads)</i>
CE	<i>Chief Engineer</i>
CFA	<i>Competent Financial Authority</i>
CGDA	<i>Controller General of Defence Accounts</i>
CIV	<i>Certificate Issue Voucher</i>
CMI Room	<i>Central Medical Investigation Room</i>
CO	<i>Commanding Officer</i>
CP Voucher	<i>Central Purchase Voucher</i>
CPL	<i>Casual Personnel labour</i>
CPWD	<i>Central Public Works Department</i>
CR	<i>Cash Requisition</i>
CST	<i>Comparative Statement of Tender</i>
CSU	<i>Common Service Unit</i>
DDO	<i>Defence Disbursing Officer</i>
DEO	<i>Defence Estates Officer</i>
DGBR	<i>Director General of Border Roads</i>
DGS&D	<i>Director General of Supplies and Disposals</i>

DMRO	<i>Duplicate Military Receivable Order</i>
DSS	<i>Daily Strength Statement</i>
DU	<i>Dental Unit</i>
DV	<i>Disbursing Voucher</i>
EBW	<i>Eastern Base Workshop</i>
EDP	<i>Electronic Data Processing Unit</i>
EME	<i>Electrical & Mechanical Engineer</i>
ERV	<i>Exchange Rate Variation</i>
ES&SC	<i>Engineers Stores & Supply Company</i>
ESD	<i>Eastern Store Division</i>
ETG	<i>Educational Training Grant</i>
Fd Wksp	<i>Field Workshop</i>
GE	<i>Garrison Engineer</i>
GOI	<i>Govt. Of India</i>
GP Note	<i>Government Promissory Note</i>
GRAF	<i>General Engineer Reserve Force</i>
IAR	<i>Internal Audit Report</i>
ICPL	<i>Imported Casual Personnel Labour</i>
IESPL	<i>Independent Engineers Store Platoon</i>
IFA(BR)	<i>Integrated Financial Adviser(Border Roads)</i>
IRMD	<i>Immediate Restoration of Monsoon damage</i>
IV	<i>Issue Voucher</i>
JCDA(BR)	<i>Joint Controller of Defence Accounts(Border Roads)</i>
KPL	<i>Kilometre Per Litre</i>
IACR	<i>Internal Audit Completion Report</i>
LAP	<i>Local Audit Programme</i>
LD	<i>Liquidated Damage</i>
LIV	<i>Loan Issue Voucher</i>
LPO	<i>Local Purchase Officer</i>
LPR	<i>Linear Progress Report</i>
LRC	<i>Last Ration Certificate</i>
LRV	<i>Loan Receipt Voucher</i>
LTE	<i>Limited Tender Enquiry</i>
MB	<i>Measurement Book</i>
MC Note	<i>Military Credit Note</i>
MCO	<i>Movement Control Officer, Material Control Officer</i>
MCS	<i>Major Constructional Stores</i>
MER	<i>Monthly Expenditure Return</i>
MES	<i>Monthly Expenditure Statement</i>

MFAI	<i>Major Financial and Accounting Irregularity</i>
MI Room	<i>Medical Investigation Room</i>
MoD	<i>Ministry of Defence</i>
MOSRT&H	<i>Ministry of Shipping, Road Transport and Highways</i>
MPG	<i>Miles Per Gallon</i>
MPR	<i>Monthly Progress Report</i>
MRO	<i>Military Receivable Order</i>
MSS	<i>Medical Staging Section</i>
MSU	<i>Mobile Surgical Unit</i>
MT	<i>Motor Transport</i>
NAC	<i>Non availability Certificate</i>
OC	<i>Officer Commanding, Office Contingency</i>
OEM	<i>Original Equipment Manufacturer</i>
OMRO	<i>Original Military Receivable Order</i>
PAC	<i>Proprietary Article Certificate</i>
PAO(GREF)	<i>Pay Account Office(General Reserve Engineer Force)</i>
PBD Voucher	<i>Priced Book Debit Voucher</i>
PBOR	<i>Personnel Below Officer rank</i>
PCDA (BR)	<i>Principal Controller of Defence Accounts(Border Roads)</i>
PERT	<i>Programme Evaluation and Review Technique</i>
PIV	<i>Payment Issue Voucher</i>
PM	<i>Packing Material</i>
POL	<i>Petrol, Oil & Lubricant</i>
PC & P Sec.	<i>Parts Change & Publication Section</i>
PV Rate	<i>Payment Vocabulary Rate</i>
QM	<i>Quarter Muster</i>
R&I Section	<i>Receipt & Issue Section</i>
RAE	<i>Revised Approximate Estimate</i>
RCC	<i>Road Construction Company</i>
RE	<i>Revised Estimate</i>
RFP	<i>Request For Proposal</i>
RO	<i>Released Order/Repeat Order</i>
RPMB	<i>Register of Periodical Maintenance of Building</i>
RR	<i>Ration Return/Road Roller</i>
RTMB	<i>Register of timely Maintenance of Building</i>
RTS	<i>Revised Technical Sanction</i>
RV	<i>Receipt Voucher</i>
SO	<i>Supply Order</i>
SRMD	<i>Special Repair of Monsoon damage</i>

SS&TC	<i>Store Supply & Transport Company</i>
SSR	<i>Standard Schedule Rate</i>
STE	<i>Single Tender Enquiry</i>
T.I.	<i>Technical Instruction</i>
TIV	<i>Transfer Issue Voucher</i>
TS	<i>Technical Sanction</i>
TSS	<i>Technical Store Section</i>
V/E/P	<i>Vehicle, Equipment & Plant</i>
WBW	<i>Western Base Workshop</i>
WM	<i>Works Manager</i>
WO	<i>Work Order</i>

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INTERNAL AUDIT MANUAL (BORDER ROADS)

CHAPTER –I

General

Section-I General Concept & Scope of Internal Audit

1. INTRODUCTION

1.1 The concept of Internal Audit has drastically changed from a system of mere checking the arithmetical accuracy of accounting data as in former days to a system of appraisal of the effectiveness of accounting, financial and other operations and controls as an aid to the Management for optimum achievement of assigned targets.

1.2 By constant review and appraisal of the working of the systems and procedures introduced, Internal Audit enables Management to control and utilize widespread resources properly. It acts as eyes and ears of Management in implementing its plans and decisions since most management decisions have financial implications on the organization's affairs.

1.3 It is meant to be an effective means for the rapid and simultaneous observation of multiple events and transient situations which, properly assembled, can give a reliable guide to the well-being of an organization, an advance warning of undesirable trends and an indication of corrective action.

1.4 The main purpose of having an Internal Audit System in an organization is to verify and review the activities of all cost centres so as to assist them in seeing that the transactions are promptly and completely recorded, that faulty, inefficient or fraudulent operations are revealed and that the business is adequately protected against waste, fraud and loss. The purpose of this form of control is to ensure early detection and rectification of errors to minimize their recurrence in future, to achieve economy in expenditure and all-round efficiency. It ensures that various rules and procedures laid down by the Govt. are actually followed and acted upon by all the cost centres.

2. SCOPE & FUNCTIONS

2.1 The scope of Internal Audit is very wide and cannot be laid down precisely. However, broadly Internal Audit is concerned with any phase of business activity which can be the basis of service to the Border Roads Organisation.

2.2 Internal Audit can focus on the factors responsible for loss, failure or inefficiency so that they are rectified immediately, if possible, or measures can be taken to avoid their recurrence in future.

2.3 The object of Internal Audit is to assist the BRO at various levels by providing it in time objective analysis, appraisals, pertinent comments and recommendations in respect of the BRO's affairs to enable the executives to take timely remedial action. Simplification of procedures, setting up of effective and efficient co-ordination between branches, gearing up of internal

controls, cost reduction by minimization of wastages in various operations, revenue augmentation by proper inventory controls and maximum utilization of machines, materials and manpower are some of the areas where Internal Audit can assist.

2.4 The main duties and functions of Internal Audit, are broadly classified as under:

- i) Systems Audit.
- ii) Operational Audit including Efficiency Audit.
- iii) Performance Audit.

2.4.1 **Systems Audit:** -

Ensuring that the rules and procedures as laid down by the Govt. from time to time are properly understood, correctly interpreted and complied with by the concerned personnel of the Border Roads Organization is Systems Audit.

The audit involves verification as to whether each unit is maintaining proper records and having a reasonable system of recording receipts, issues and consumption of materials and stores and the system provides for proper allocation of the materials consumed, man hours spent and overheads incurred to relative jobs.

2.4.2 **Operational Audit including Efficiency Audit:**

The function of operational audit is to ensure that BRO executives are functioning effectively and efficiently in all the business activities and all the operations are in tune with its objectives. This audit includes review of working methods, planning, mobilization and deployment of resources, adherence to prescribed procedure in purchase of stores and other functions to bring about overall efficiency.

Audit examines to check that the broad and accepted principles of fiscal discipline, mobilization and deployment of resources, man power and accounting practices have been consistently followed and any deviation from them is properly authorized. It sees that all transactions carried out are authorized and substantiated by proper vouchers/documents.

2.4.3 **Performance Audit:**

Performance auditing is an independent and objective examination of government organization, systems, programmes or with regard to one or more of the three aspects of economy, efficiency and effectiveness, aiming to lead to improvements.

The performance audit task is a separately identifiable piece of audit work and should cover clearly identifiable objectives - single or group of activities, systems, programmes known as the "audit entity".

Performance auditing generally follows one of three approaches in examining the performance of the audited entity. The audit may take a result-oriented approach, which assesses

whether pre-defined objectives have been achieved as intended, a problem-oriented approach, which verifies and analyses the causes of a particular problem(s), or a system-oriented approach which examines the proper functioning of the organizational systems or a combination of the three approaches.

Performance audit should have the objective of examining one or more of these three assertions:

(a) The economy of activities in accordance with sound administrative principles and practices, and management policies;

(b) The efficiency of utilization of human, financial and other resources, including examination of information systems, performance measures and monitoring arrangements, and procedures followed by audit entities for remedying identified deficiencies and

(c) The effectiveness of performance in relation to the achievement of the objectives of the audit entity, and the actual impact of activities compared with the intended impact.

3. Audit against propriety

3.1 It is an essential function of audit to bring to light not only cases of clear irregularity but also every matter which, in its judgment, 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.

3.2. No precise rules can be laid down for regulating the course of audit against propriety. Every officer incurring or authorizing expenditure from public money should be guided by high standards of financial propriety (as laid down in Rule -21 of GFR-2005 and Rule -6 of Financial Regulation Part-I, Vol-I). Every officer should also enforce financial order and strict economy at every step and see that all relevant financial Rules and Regulations are observed by his own office and by subordinate disbursing officers. Audit officers in the performance of their duties should ensure application of the following principles.

- (1) Every officer is expected to exercise the same vigilance in respect of expenditure incurred from public money 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) Expenditure from public money should not be incurred for the benefit of a particular person or section of the people, unless :-

- (a) a claim for the amount could be enforced in a Court of Law, or
 - (b) the expenditure is in pursuance of a recognized policy or custom.
- (5) The amount of allowances, granted to meet expenditure of a particular type, should be so regulated that the allowances are not on the whole a source of profit to the recipients.
- (6) The responsibility and accountability of every authority delegated with financial power to procure any item or service on Government account is total and indivisible. Government expects that the authority concerned will have the public interest uppermost in their mind while making a procurement decision. This responsibility is not discharged merely by the selection of the cheapest offer but must conform to the following yardsticks of financial propriety:
 - (a) Whether the offers have been invited in accordance with governing rules and after following a fair and reasonable procedure in the prevailing circumstances.
 - (b) Whether the authority is satisfied that the selected offer will adequately meet the requirement for which it is being procured.
 - (c) Whether the price on offer is reasonable and consistent with the quality required.
 - (d) Above all, whether the offer being accepted is the most appropriate one taking all relevant factors into account and in keeping with the standards of financial propriety.
- (7) Whenever called for, the concerned authority must place on record in precise terms, the considerations which weighed with it while taking the procurement decision.
- (8) 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 the above principles of financial propriety but as transgressing a universally accepted standard of official conduct or financial administration.

Section-II

Powers & Responsibilities of Internal Audit Officer

4. Internal check by the Defence Accounts Department

It is the duty of the Defence Accounts Department to conduct locally the internal check of the accounts, i.e., ledgers, returns, stock and due sheets, and/or such other records connected with the receipt and issue of stores, required to be prepared and maintained by the Platoons/RCCs/Task Forces/ GREF Center/Base Workshop/Store Division/Liaison Cell /Head Quarters Project and all the allied units as may be prescribed for the purpose in various books of Regulations and other Government orders issued from time to time for each unit/formation. This internal check is distinct from the statutory audit of these accounts and records conducted by the representatives of the Director General of Audit, Defence Services.

5. Offices by which Internal audit is conducted

The audit of store accounts is conducted locally by AO (P)/AO Task Force etc. (*hereinafter called Internal Audit Officer*) acting under the orders of the P.C.D.A (BR) and its regional offices such as CDA (BR) Guwahati/JCDA(BR) Chandigarh. It is organized under two categories, viz.-

(a) Audit by the Internal audit staff: Internal audit is normally carried out by a team of Auditors/Clerks headed by AO (P)/AO Task Force or AAOs.

(b) Review of Internal audit by an Indian Defence Accounts Service Officer: This review is carried out accordance with the rules laid down in Appendix II to Office Manual Part I referred at para-515.

6. Duties and responsibilities of AO (P)/AO Task Force/AAO as Internal Audit Officer

6.1. The responsibility of the Internal Audit Officer is inseparable from that of his staff. Final responsibility for the efficient conduct of Internal Audit, therefore, rests always with Internal Audit Officer. In addition to the specific duties, the Internal audit officer is expected to conduct an intelligent review of the audit work of his staff and to apply test checks judiciously. The Internal Audit Officer, will in all cases, investigate the reasons for the non-linking of vouchers selected for test linking by the Internal Audit staff. He must ensure that the non-linking of vouchers is not due

to negligence of the staff deployed on the audit duties of the units/formations or the stores not being taken on ledger charge by the units/formations.

The Internal Audit Officer must be vigilant specifically so that no charge/issue remains unsupported by proper voucher/authority. Further he must be watchful that no expenditure can be carried out by unit authorities for an item which is of irregular nature and already under objection including issue of stores without prior written consent of the PCDA (BR).

6.2. During his periodic visits along with the audit team members, the Internal Audit Officer, will by personal inspection and supervision, satisfy himself that the audit staff deployed on audit duties are carrying out their auditing works efficiently. He will prepare the objection statements and ensure that they are correct and properly worded and will verify by test check that the corrections made in the accounts as a result of the objections raised have been properly carried out. He will take up all outstanding objections and points of a controversial nature, and proceed with their settlement in personal consultation with the OC/Cdr. Task Force/CE (P) or other officers concerned, where necessary. He will see that the settlement of objections more than three months old is not delayed by units and will, where necessary, report to higher executive authorities or regional offices viz. CDA (BR) Guwahati or JCDA (BR) Chandigarh with a view to obtain their assistance in settlement thereof.

7. Review of orders and sanctions

7.1. Internal audit officers will examine all orders and sanctions affecting their work, issued by the Government of India, BRDB and authorities subordinate to them, C.G.D.A's letters and PCDA (BR) office orders, etc., in order to ensure that they are correctly applied in audit. For this purpose, they will hold conferences with their audit team members before commencement of audit. All important and doubtful points arising in the course of Internal audit will be discussed at the conference during audit. The results of the conferences will be recorded in audit review register. All doubtful points connected with the interpretation or applicability of rules, instructions, etc., will be referred to the PCDA (BR) through regional nodal agencies i.e. CDA (BR) Guwahati/ JCDA (BR) Chandigarh for orders. Apart from holding review conference, Internal Audit officer will also hold monthly conference with the AAO/Sr. Auditors/Clerks of his own office so as to review all important and doubtful points arising out of their day-to-day office works. Result of this conference will be recorded in the Monthly Conference Register.

7.2. A certificate of review of orders and sanctions will be submitted to the P.C.D.A (BR)/C.D.A. (Internal Audit Section) monthly by Internal Audit Officer.

***Note:** Such conferences with audit team members should be recorded in audit review register and produced for inspection by the Review Officer at the time of his periodical visit to the AO(P)/AO TF for inspection of office.*

8. Duties of Internal Audit Staff

8.1 The Internal Audit Staff will perform their duties as ordered by Internal Audit Officer through selection order to the extent of scope provided by this manual and various Rules and

orders issued by higher authorities as well as Govt. of India, within the mandays authorized for the purpose. The Internal Audit staff, in course of their audit will also bring to the notice of Internal Audit Officer all issues of doubtful/controversial nature, before putting any such item under objection. The BRO has its area of specialization or technical domain and degree of complexity. An auditor is generally expected to understand such complexities presented **during the** audit. They are expected to use their experience and intelligence instead of confining themselves to the routine checks of arithmetical accuracy of accounting data within the scope provided in **various** Manuals and Regulations, **to be able to detect any shortcomings within the system which may lead to a financial mismanagement or misappropriation.**

8.2. The Internal Audit Officer however, remains personally responsible for seeing that the accounts which are audited have all been audited in strict compliance with the prescribed rules and orders.

9. Discretions Vested in Internal Audit Officer in Carrying out Internal Audit duties and Programme of Work.

9.1. In exercising certain test checks on the work of the internal audit staff e.g., a test check of the verification of credits in store accounts, etc., the Internal Audit Officer is given discretion in the matter of the extent to which his check is to be applied, but the check exercised should be substantial.

He is expected to carry out such discretionary test checks intelligently and in accordance with the spirit of the orders.

9.2. The Internal Audit Officer is ordinarily expected to visit each unit/formation accompanied by audit team once every half year for review and carrying out audit work. To enable the Internal Audit Officer to devote more time to financial advice and to settle on the spot important internal audit objections and points of controversial nature, he is allowed a certain amount of discretion in working out the programme. The exercise of this discretion is subject to the following conditions:-

If, in order to settle important objections on the spot, it is necessary to extend the time originally allowed for the review of internal audit of a particular unit or formation the Internal Audit Officer should report the fact to the PCDA (BR)/CDA(BR) Guwahati/JCDA(BR) Chandigarh for confirmation of his action in extending the time.

If, however, special circumstances connected with a unit make a prolonged stay absolutely necessary, the Internal Audit Officer should report the circumstances to the PCDA(BR)/CDA(BR) Guwahati/JCDA(BR) Chandigarh in detail by an express letter and obtain his prior concurrence (by Fax, Preferably). In such cases, instead of dislocating the whole of his half yearly programme, the Internal Audit Officer should miss out the next unit, the accounts of which as judged from his previous audit are in a good state and return to it later on, with the express approval from the PCDA(BR)/CDA(BR) Guwahati/JCDA(BR) Chandigarh. He should at the same time, address a courteous letter of regret to the unit explaining his absence on the date

notified in the approved programme. In brief, for any deviations from the approved tour programme, prior approval from the PCDA(BR)/CDA(BR) Guwahati/JCDA(BR) Chandigarh should be obtained.

9.3. The Internal Audit Officer should always bear in mind the fact that the detailed instructions given in this Manual represent the general principles on which audit is to be conducted. The Internal Audit Officer is expected to interpret the instructions intelligently.

10. Frequency of Internal audit

Accounts will be audited once in a half year (April-Sept. and Oct.-March). At each visit to a unit, the Internal Audit Officer or his audit team will complete the audit up to and including the accounts for the month preceding the visit, if the visit takes place immediately after end of Half Yearly Audit Cycle.

Note 1: The half yearly audit of the accounts of units is subject to the condition that the accounts of units are at all times maintained in a satisfactory state.

Note 2: Accounts audited half yearly but not audited within 6 months following the close of half year will be regarded as in arrears.

11. Programme of Internal audit

A half yearly program of internal audit, etc., for all units under each Hqrs Project/ Hqr Task Force falling within his area of responsibility will be drawn up by the Internal Audit Officer. The program will provide for the completion within that half year of the audit due to be carried out in the half year. It will be submitted to the PCDA (BR)/CDA (BR) Guwahati/JCDA (BR) Chandigarh for approval by the 20th of the second month of the preceding half year. The standard time in man-days as approved and notified by the CGDA from time to time for each class of unit represents the average period required for the internal audit of the accounts of the unit, and should be adhered to by the Internal Audit Officer in making out the program. A separate program for inspection of cash accounts of units by the Internal Audit Officer will be prepared and submitted to the PCDA (BR)/CDA (BR) Guwahati/JCDA (BR) Chandigarh for approval. The tour program of the Internal Audit Officer should be prepared in such a way that the review/test check of the audit works done by the audit team run concurrently.

The Internal Audit Officer will inform units/formations concerned of their impending programmes of audit, review and inspection sufficiently in advance under intimation to the HQ Project/HQ Task Force.

Section –III
Accounts & Documents to be audited

12. List of accounts and registers to be audited

To ensure that no accounts are omitted in audit, a list of all accounts and registers required to be maintained by each unit in his area and which he has to audit, will be made out by the Internal Audit Officer and sent to the PCDA (BR)/ CDA (BR) for approval. Any additions or alternations to the list will be carried out under the orders of PCDA (BR)/ CDA (BR).

The list will be kept upto-date by the AO (P)/AO TF and will be handed over by him to his successor. At the time of his visit to a unit/formation, the AO (P)/AO TF in their capacity as Internal Audit Officer will himself examine the list of ledgers, returns or other accounts, to be audited and see that each has been audited.

Note: To help the AO(P)/AO TF in preparing the lists, a standard list of accounts, subsidiary documents and ancillary records generally maintained by the GREF units and formations, which are required to be subjected to audit or examination is given in Appendix 'A' to this Manual.

Section-IV

Rendition of Financial Advice

13. FINANCIAL ADVICE

13.1. Financial Advice shall mean any advice or a proposal tendered by an Officer of the rank of Accounts Officer (except those offices headed by an AAO) and above, after due process as hereinafter prescribed, to the Executive Authorities which is calculated to result in reduction of expenditure or improved utilization of Plant, Machinery, Tools, Assets or Technology, without compromising on the effectiveness of operations and without involving denial of just and fair dues or entitlements to individuals or a group of persons entitled to one or more benefits lawfully conferred under any Rules or Regulations.

13.2. The term financial advice can be divided into two types viz., (i) Original Financial Advice and (ii) Responding Financial Advice.

Original Financial Advice consists of advising the BRO executives of any method by which equal efficiency can be achieved 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 has been 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.

Responding Financial Advice consists of (a) advice on definite points referred to controllers and (b) advice as a result of investigations into facts which are normally accepted on the statement of competent BRO officers. While Original Financial Advice normally will mean rendering advice on financial matters/expenditure after the event is over, the Responding Financial Advice can be understood as one which in most cases is rendered in response to a call from the Executive Authorities. The Internal Audit Section of a Controller's Office will carry out only original Financial Advice. The Responding Financial Advice will be dealt with by the audit sections concerned of Principal Controller (BR)'s Office, invoking the assistance of the Internal Audit Section in cases of special importance.

13.3. Rendition of financial advice involves a combination of professional experience and judgment based on evidence. This exercise relies on one's knowledge about orders, precedents and practicability.

13.4. It would be difficult to compile an exhaustive list of areas which offer scope for financial advice or crystallize an exhaustive set of principles that would govern rendition of financial advice. Such an attempt would run contrary to the need for having a dynamic approach to the

entrusted responsibilities. It is therefore essential and inescapable that the approach to Financial Advice should involve some fundamental assumptions, consistent premises in relation to types of situations, logical principles and high degree of personal judgment and interpretation, especially where the standards are not fully or partly applicable.

13.5. It is the Executive who is primarily responsible for proper financial administration and DAD officers in BRO as Internal Auditor and Financial Advisor has to advise the Executives for proper financial management.

13.6. Items of financial advice will not be included in Objection statement. The Internal Audit officer will discuss these items with the OC RCC/BCC/Wksp, Cdr TF & CE(P) as considered necessary and report them, together with the result of discussion with executive authorities as considered necessary to the PCDA/CDA(BR) Guwahati/JCDA(BR)Chandigarh for such further action on these items as he may consider necessary. The reference made to the PCDA/CDA (BR) Guwahati/JCDA (BR)Chandigarh on this account should be self-explanatory and contain all the relevant particulars so as to obviate the necessity for further correspondence with the Internal Audit Officer. Financial effect, where possible, should also be given.

13.7. In addition to financial advice falling within the normal sphere of duty, suitable advice on all accounting matters should also be given to the Executives.

13.8 A record of items of financial advice and higher audit tendered to the executives and the result thereof will be kept by the Internal Audit Officer in a register to be maintained for the purpose. A report in respect of the items so included will be sent to the PCDA/CDA (BR) Guwahati/JCDA(BR) Chandigarh quarterly who will compile and submit the same to HQ DGBR and copy endorsed to CGDA.

13.9 No item of financial advice will, however, be pressed without the full knowledge and goodwill of the head of the Unit/Formation concerned with whom the proposition should be fully discussed.

13.10 Provided that cases of financial advice which could not be implemented due to unhelpful attitude of the Executives or their disinclination to take up the matter with financial and administrative authorities at DGBR/CE(P)/Task Force shall be reported to the CGDA/PCDA(BR) as the case may be for his orders. While reporting cases of the above nature, it should be ensured that a self contained report giving full details of the advice tendered, the views of the executive authorities as well as further remarks of the CDA (BR) Guwahati/JCDA (BR) Chandigarh thereon is submitted to the PCDA (BR). Similarly, while reporting to the CGDA, as self contained note highlighting the views of executive authorities along with the remarks of the PCDA (BR) on the cases is to be submitted.

13.11 Provided further that cases of financial advice accepted for implementation by the Executives but not implemented shall be considered for inclusion in the various Audit reporting systems such as MFAI, IAR, AAC etc.

13.12 The DAD officers tendering Financial Advice must be competent in the discharge of their duties to do so. For the purpose of maintaining competence and skill in discharge of the Financial Advice functions, each AO (P)/AO Task Force shall maintain under his personal custody under separate files, information in respect of each unit under his audit jurisdiction. Group Officers-in-Charge of the Principal Controller's office may require such information from the AO (P)/AO Task Force and on receipt of such request, the AO (P)/AO Task Force shall forward the required information within 10 days from the date of receipt of such request. All such information shall be furnished through a confidential communication addressed by name to the G.O.

14. Integrity and objectivity

The officers in sub-offices must be straight forward, honest and sincere in their approach to discharge of the responsibilities assigned to him. They must at all times act with fairness and not allow bias/prejudice in performing their duties.

15. Confidentiality:

Every officer in possession of any document relating to official work shall ensure the confidentiality of the information with him and shall not disclose any of its contents or part with such information except in so far as the performance of his duties may reasonably demand or upon written directions from his superior officers.

16. Developing teamwork

Every officer should sincerely endeavor towards developing the standards of the working environment of which he is a part of. He shall encourage his sub-ordinates to develop aptitude and skill for mooted financial advice proposals and it shall be his prime duty to ensure that whenever proposals tendered by his sub-ordinates are processed the names of all staff members/officers who were part of initiating the proposal are properly recognized and recorded on file.

17. Internal audit completion report

On completion of local Audit of stores Accounts the Internal Audit Officer will submit to the PCDA(BR)/CDA(BR) Guwahati/JCDA(BR) Chandigarh a Internal Audit Completion Report (IACR) showing :-

(i) The names of the units the accounts of which have been audited during the period under report;

(ii) The dates of commencement and conclusion of internal audit;

(iii) The selected month's account for which internal audit carried out;

(iv) The dates of the dispatch of the objection statements;

(v) Transit details of Audit team; and

(vi) The Major Financial and Accounting Irregularities

The Internal Audit Officer will bring to the personal notice of the PCDA(BR)/CDA(BR) Guwahati/JCDA(BR) Chandigarh immediately by a special report called executive summary, all cases in which:-

- (a) The prescribed accounts are non-existent or omitted or have not been produced;
- (b) The accounts maintained by a unit are in an unsatisfactory state; and
- (c) The procedure adopted in maintaining the accounts is not in conformity with that authorized in rules or standing orders.

18. Important Financial Irregularities

18.1. 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 cases, 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. 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 report of Major Financial Accounting irregularities

18.2. 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 a departmental authority, Government itself, or in the last resort the legislature through the Public Accounts Committee.

18.3. It is in the treatment of results of audit that the audit function demands the highest qualities of understanding, balanced judgment and sense of proportion. An auditor must develop an instinct for assessing the importance of an individual irregularity.

18.4. 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 sum, officers of the Defence Accounts Department have been authorized to waive audit objections and to write off irrecoverable mounts, 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. Cases which do not fall within the powers of DCDA/ACDA/SAO/AO in AO(P)/AO TF will be referred to PCDA(BR) alongwith self contained note for appropriate action.

18.5. 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.

18.6. 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.

18.7. 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 prompt 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.

18.8. Any vouchers or other documents in possession of the Audit Officer, which the administrative authority concerned consider should be made available for the pre-audit 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 authorized, such audit should be conducted as expeditiously as possible.

18.9. Overpayments should be placed under objections as soon as possible after their detection, the procedure prescribed in rules 179 and 186 Financial Regularities Part I Vol. I (1983 Edn), being observed.

18.10. In all cases, whether they pertain to over payments or to losses or other irregularities, it is incumbent on the Internal 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 PCDA(BR) for the issue of orders by him for investigation of the accounts of unit and formations in other audit areas and for action towards the amendment of the defective rules.

18.11. It is incumbent on the Internal Audit Officer to scrutinize 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 Principal Controller of Defence Accounts (BR) 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 PCDA (BR) of the result.

Note: 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.

18.12. In all individual cases of serious irregularities as well as in all cases of losses, overpayments irregularities, etc. for which any blame can be attached to the Defence Accounts Department, the PCDA (BR) 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 PCDA(BR) 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 PCDA (BR) to prevent the recurrence of such irregularity.

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CHAPTER-II

General rules and procedures for conduct of Audit of Store Account

Section-I : Principles to be followed in audit of store accounts

21. GENERAL RULES FOR CONDUCT OF INTERNAL AUDIT OF STORE ACCOUNTS

The general principles for the Internal Audit of all stores accounts are:

- (a) That the accounting procedure adopted by units/formations does not differ from the prescribed rules or other government orders issued from time to time;
- (b) That all receipt and issue of stores by units and formations and transfers of stores between depots/Engineer Stores and Supply Coys or consuming units have been duly accounted for in the store ledgers and returns, etc.
- (c) That stores issued for consumption or use do not exceed the scales authorized in regulations and equipment tables; Stores procured for the purpose should be issued and utilized for the same, i.e. the stores purchased to fulfill the requirement for the execution of a particular job should be utilized in the same job. These aspects can be ascertained from the MPR (Monthly Progress Report) which is prepared in RCC/BCC level based on LPR (Linear Progress Report) submitted by the Platoons.
- (d) That all losses and damages/deficiencies are dealt with under the orders of the CFA in accordance with the rules laid down in Financial Regulations and other Government orders issued from time to time;
- (e) That the balance of stores shown in store ledgers etc., does not exceed the authorized limit and that suitable action is taken for the disposal of surplus or unauthorized stores;
- (f) That stock verification has been carried out at intervals and certified as such on the relevant ledgers by the executive authorities as laid down in rules. The result of stock verification has been recorded properly and action taken to adjust the deficiencies and surpluses;
- (g) That no article has been supplied after the necessity for the supply has lapsed;
- (h) In addition to the checks and procedure laid down in the above paras, it will be ensured in audit that:
 - (i) Ledgers, etc., are maintained in the prescribed forms and in accordance with the instructions printed thereon and they are supported by the requisite vouchers (duly marked original, duplicate, triplicate and so on, where necessary) and certificates;
 - (ii) Stores have been brought on or struck off charge under the designation and L-1 catalogue or part numbers (if any) shown in the vocabularies or part lists.

- (iii) Stores have been accounted for according to the measure adopted in the stock book rate list/vocabularies i.e. by number, weight, volume or measurement, as the case may be;
- (iv) Receipt and issue are supported by regular receipt and issue (including expense) vouchers, transfer notes, loss statements etc.
- (v) Number and date assigned to the issue voucher by the consignor is invariably quoted in the ledger, etc., in addition to the receipt number allotted to those vouchers by the consignee;
- (vi) All entries in the ledgers etc. are made in ink and should be authenticated by the concerned Officer.
- (vii) There are no erasures and that alterations if any, have been carried out neatly and attested by the officer concerned under his dated initial;
- (viii) Issue and receipt vouchers have been kept in two separate files and numbered from 1 upward and that all receipt/issue vouchers are serially entered in the list of receipt/issue vouchers appended to respective ledgers indicating, inter alia, the parties from/to whom received/issued;
- (ix) Vouchers, ledgers and returns have been signed by the persons authorized to sign under rules; and
- (x) Every voucher is posted to the appropriate ledger .The date of issue being the date of selection of stores, the date of receipt voucher being the actual date of binning of stores and the date of adjustment vouchers being the date of adjustment control numbers. The entry in the ledger and the voucher should both be initialed to show that the entry in the ledger agrees with the voucher.

22. Scope of Internal Audit

22.1. The various audit processed carried out during the audit of store accounts of BRO units and formations fall generally under the following three main categories:

- (a) Verification of “castings”, “closing book balances” and “opening book balances”.

Note: The term “castings” means vertical or horizontal totaling.

- (b) “Linking”, on the receipt side, of “transfers-inward” and of purchases and on the issue side, of “transfers-outward”.

Note: “Linking” means bringing together an entry in a ledger, etc., and supporting voucher, to ensure that the entry in the ledger, etc., is strictly in accordance with the voucher, or vice versa.

- (c) Audit of “Final receipts” (surplus found on stock-taking, etc.) and of “final issues” i.e., issues for final consumption (as distinct from a transfer to some other store account also auditable by the Defence Accounts Department) or issue on payment or quantities charged off on loss statements etc.

22.2. The audit of store accounts will generally be carried out to the extent of scope prescribed from time to time by the Controller General of Defence Accounts.

22.3. The restriction of local audit to the extent shown in this chapter will be dependent on the fact that the store accounts of the units have been kept reasonably well in the past and have been free from serious or numerous audit objections. If during recent previous visits to a unit (or during the current visit), difficulty has been (or is) experienced in obtaining full and free access to any essential account or record, or in obtaining any important explanations, etc., or if, during the course of a test check, the Internal Audit Officer feels that he is seriously “put upon enquiry”, he should extend the scope of audit, using his discretion and judgment as to how this should be done and to what extent. In all such cases, the Internal Audit Officer should report the facts specifically to the P.C.D.A (BR)/C.D.A (BR) Guwahati/JCDA (BR) Chandigarh and record his reasons for enhancing the extent of the audit.

23. VERIFICATION OF CASTINGS, CLOSING AND OPENING BOOK BALANCES

A. Castings

23.1. In the case of ledgers, an account of each article is maintained on a separate page, the balance being struck after each transaction, where as in the case of returns prepared on a monthly basis, a number of articles are accounted for on one page, the balance being struck at the end of the month.

23.2 In order to prevent the possibility of alterations being made in the postings of ledgers, returns, etc., in respect of transactions, which, under the percentage system of audit will not be linked, the Internal audit staff will check arithmetically the totals leading up to the balances in the ledgers, returns, etc. This check will invariably be done before taking up any other audit process.

B. Closing Book Balance

To ensure that the final closing balance at the end of the monthly/quarterly/half yearly under audit is correct, the total issues of each article will be struck and deducted from the aggregate total of receipts and the opening balance. If the balance is struck after each transaction, the accuracy of the intermediate balance will not be verified. A line will be drawn neatly against the closing balance of each article in ledgers. The last audited closing balances both in ledgers and returns, will be initialed and dated in ink or coloured pencil by the Internal audit staff, an additional initial being affixed by them against every alteration to such balances. These balances will be attested by a responsible officer of the unit or formation concerned.

In the case of receipt transactions linked subsequent to the audit of the particular folio of the ledger or the audited monthly return, it will be seen that:

(a) In the case of ledgers, the closing balances struck against the receipt item and against the next item are correct. Should there be any discrepancy in these balances, or if corrections or erasures appear in subsequent balances, the final closing balance of the folio will be fully checked, and

(b) In the case of monthly returns, the total(s) of receipts and issues as well as the closing balance(s) of article(s) affected is/are correct.

C. Opening Book Balance

In the case of ledgers, stock and due sheets, etc., the last audited closing balances represent the opening balances. When a new ledger is taken into use, it will be seen that all opening balances therein have been initialed by the officer concerned as a guarantee that they agree with the closing balances in the old ledger. In respect of returns prepared on a monthly basis, the opening balances in the return will be agreed with the closing balances in that for the previous month. It will be seen particularly that the last audited balances have not been altered or erased.

24. LINKING

24.1. GENERAL

The linking of receipt and purchase vouchers into the store ledgers, stock and due sheets, returns etc., of the consignees, is one of the most important functions of the local audit staff. The Internal Audit Officer will watch that there has been no undue delay in the linking of such vouchers into the consignee's ledgers, etc. The extent and the manner of linking is described below.

24.2. Extent of audit in respect of Casting, Closing Book Balance, Opening Book Balance, Linking of Receipts, linking of issues

Extent of Audit will be as under:

A.	Verification of		
	(i) Casting	}	100%
	(ii) Closing Book Balance		
	(iii) Opening Book Balance		

Remarks: As a general exception Internal Audit Officer/AO (P)/AO TF will link all transfer vouchers to the extent of 100% and the audit staff will check these to the extent of 5 percent.

B. Linking of Receipts:

(i) Transfer-Inward	16 1/2% of 'E'
(ii) Voucher collected in audit from Issuing Units	Copies of Vouchers in consignees ledger

C. Linking of Issues

Transfer outward	16 1/2%
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D. Audit of

(i) Final Receipts	16 1/2%
(ii) Final Issues	16 1/2%

24.3. Issue on Loan

Issue vouchers pertaining to store issued on loan, which will bear a distinctive marking to show that the issue is on loan, will be posted:

- (i) In the ledgers as an issue and the stock balance column reduced accordingly and.
- (ii) In the loan ledger as a receipt and the balance in loan column increased accordingly.

24.4. Final Receipts/Final Issue

Check of final receipts and final issues will be exercised with reference to the various rules pertaining to stock taking, payment issues and losses, etc. contained in the various books of regulations and orders.

25. Audit of Store Accounts

25.1. Units, Task Forces and Projects will maintain all store accounts relating to the administration of the units for example, clothing, equipment (including vehicles, tractors and other Plant and Machinery), POL and all other stores and expendable stores.

25.2. In respect of expendable stores received by SS&TC/BD/IESPL and supplied to the consuming Unit for the execution of work, maintenance, all accounts shall be maintained by both the unit i.e. Issuing Unit and consuming unit . Stores collected for maintenance as distinct from original works shall be accounted for separately. Expendable stores issued by the SS&TCs/IESPLs to the units on the basis of released order issued by the Task Force will be struck off charge on issue vouchers, copies of which duly receipted by the units will be held by the SS&TCs/IESPLs and the issue will be treated as final issue . Other types of stores issued to the units will not be struck off charge except when lost or rendered unserviceable.

25.3. The bridging equipment in Base Depots/SS&TCs/IESPLs will be accounted for in stock ledger by permanent issues to RCCs/BCCs against their regular demands for sanctioned works for which release order will be given by CEs/TFs and issue will be made from Base Depots/SS&TCs/IESPLs.

25.4. Bridging equipment released to BDs/ SS&TCs/IESPLs of a TF will be accounted for by components in the bridging stock ledger by the BDs/SS&TCs/IESPLs. Issues from stores coy will be made against release order from the TF against sanctioned works as contained in para 801 BR Regulations.

26. STORES TRANSFERRED FROM ONE SS&TC/IESPL OR BASE DEPOT TO ANOTHER SS&TC/IESPL/BASE DEPOT OR CONSUMING UNIT

When stores are transferred from one Supply Company or depot to another base depot or supply coy, the issue voucher (IAFZ 2096) or its equivalent is generally prepared in five copies. These are referred to as the 'A' copy, 'B' copy, 'C' Copy, 'D' copy and 'E' copy and are disposed off by issuing depot as under :

The 'A' copy is the Depot/ SS&TC/IESPL's office copy.

The 'B' & 'C' copy are sent to consignee out of which the consignee Unit will return the 'B' copy to the consignor duly receipted and 'C' copy will be retained by the him .

The 'D' and 'E' Copies are sent by the consignor to AO(P)/AO TF(Internal Audit Officer) who pairs the two, retains the 'D' copy and pass on the 'E' copy to the consignee's AO(P)/AO TF(Internal Audit Officer).

The RVs and IVs will be furnished to the AO(P)/AO TF on fortnightly basis by the supply company units etc. under a skeleton list.

[Note : 'Skeleton list' means the list with which vouchers are forwarded by the issuing unit to their Internal Audit Officer i.e. AO(P)/AO TF]

27. Transfer of Expendable stores within the Project/Task Force:-

In Border Roads, the Transfer of stores when necessary may be ordered by Chief Engineer between projects in his area. Transfer between projects under different Chief Engineers will be ordered by the D.G.B.R. Transfer of Surplus stores under the following circumstances will be made through TIV duly priced taking into account all the overhead charges and duly Pricing Checked by the concerned AO (P)/AO TF through effective Transfer Entry.

- (i) Surplus Stores due to Abandonment of Project,
- (ii) Surplus Stores due to Foreclosure of Jobs,
- (iii) Surplus Stores after Physical completion of a Job.

Transfer Issue Voucher (TIV) for the above purpose will be prepared in the same manner as Issue Vouchers mentioned in para 21.1 above.

[Note :- Transfer voucher indicated in skeleton lists as requiring prompt action will , however, be an exception and no undue delay should take place in dealing with these vouchers, which must be sent to the consignee's AO urgently.]

28. Transfer of Obsolete stores.

It will be seen that stores transferred to these categories have been declared as such by the competent authority and are accounted for in a separate ledger.

29. Forwarding of Documents by Issuing units

29.1. The issue units will forward the following documents to the AO (P)/AO TF. These documents will be sent under a skeleton list :

- (a) Two copies of transfer vouchers on account of stores transferred to other platoons under units, etc. and
- (b) One copy each of issue (or expense) vouchers and or receipt vouchers pertaining to internal transactions viz final issues and final receipts.

29.2. The skeleton list will be sent by each unit on fortnightly basis.

29.3. If the skeleton list and other documents are not received on fortnightly basis, they will be called for from the units/store coy etc. concerned and case of abnormal delay reported to CE (P)/TF Cdr.

30. Nominal Issue Vouchers

30.1. Nominal vouchers in respect of stores which are not required to be struck off or brought on charge by the issuing/receiving formation as also those on which expendable stores are issued to the various branches/directorates/sections for experimental test purpose will not be sent for linking.

30.2. Nominal vouchers are also prepared in case of wrong receipt of stores by the units etc. In such cases the units receiving the stores will redirect the stores to the appropriate consignee and on receipt of receipted copies for the same release of office copy of the nominal voucher to dependent AO(P)/AO TF of the original consignor.

30.3. As and when the skeleton lists are received from the ESS Coy./Base Depot/ESD/EBW/WBW/WSD etc. 'D' and 'E' copies of vouchers received therewith will be paired and the procedure laid down in para 51, 52 and 53 of ALAM Part I Vol-I will be followed *mutatis mutandis* by the AO(P)/AO TF.

31. Audit of Consuming Units

Stores transferred from one consuming unit to another or supply and store coys.

31.1. Four copies of issue vouchers are usually prepared instead of five copies as prepared in the case of supply/units, the 'D' copy of voucher being left out. The Internal Audit staff will link the issue transactions in the consignor's ledgers, etc., into the 'A' copies of vouchers.

31.2. After completion of audit of store accounts, the Internal Audit staff will collect all 'E' copies of transfer vouchers (including those relating to accounts which are not audited in full) duly paired with 'A' copies and pair them again with the 'B' copies of vouchers receipted by the

consignees. The Internal audit staff will then prepare a detailed list on IAF (CDA-627A) of all such 'E' copies of vouchers collected by them for scheduling to AO(P)/AO TF of the consignee.

31.3. Where a receipted copy of a voucher (B copy) is not available, an objection will be raised. The issue copy (i.e. 'E' copy) after pairing with 'A' copy will be removed and placed with the objection statement. When the receipted copy ('B' Copy) of the voucher is received by the unit, the 'E' Copy of the voucher will be paired with the former and transmitted to the consignee's AO(P)/AO TF.

31.4. In respect of issue transactions, where the receipted copy of the issue voucher ('B' copy) is not received by the consignor unit for over three months from the date of issue of store, the consignor's Internal audit staff will during their visit to the unit for audit collect an extra copy each of the such issue vouchers and schedule them to the consignee's AO(P)/AO TF under a separate top list, after pairing it with 'E' copy of the vouchers held by them. Particulars of such cases, in which an extra copy of such vouchers have been obtained and scheduled to the consignee AO(P)/AO TF in the above manner should be brought to the notice of higher administrative authorities for investigation and necessary action under intimation to the PCDA(BR)/CDA(BR) Guwahati/JCDA(BR) Chandigarh.

31.5. In case where the consignee's AO(P)/AO TF is able to intimate credit verification in the consignee's ledgers, the consignor's AO(P)/AO TF may clear the objection against the units and they need not schedule the 'E' copy of the voucher to the consignee's AO(P)/AO TF.

32. Stores received in a consuming Unit by transfer from Supply and Store Depots and other consuming Unit :

The procedure for dealing with inward top list, the preparation of sub-list and linking of 'E' copies of vouchers, etc., for stores received by transfer in a consuming unit is generally that prescribed for Supply Depots/SS&TC/IESPL in para 26.

33. Issue Audit/Issue linking

The consignor's local audit staff will, at the time of audit of consignor's store accounts, link from the issue entries in the consignor's ledger etc. into the 'D' copies of vouchers (and not vice versa) to ensure that all the items charged off from the ledger are duly supported by issue/expense vouchers. The extent of such linking of issue transaction will be for one month in a half year Audit cycle.

34. Receipt Audit/Receipt Linking

The consignee's local audit staff will, at the time of audit of stores accounts, take the jacket containing 'E' copies of voucher (or other equivalent documents), of the depot concerned* pair the vouchers selected for linking with the corresponding consignee's receipt vouchers and the fact of pairing endorsed one the former with the no & date of consignee's receipt vouchers.

After pairing the local audit staff will link from 'E' copies of vouchers (or other equivalent documents) in to the consignee's ledgers (and not vice versa) to ensure that all the items procured/received from other units have been brought into ledger charge. The extent of such linking of receipt transaction will be 16 ½% of 'E' copies of vouchers/Purchase vouchers in a half year Audit cycle.

Section-II

Audit of Store Ledgers and Registers

35. Ration Accounts

35.1. Audit of Ration Accounts is conducted at the level of SS&TC/IESPL. Units/ Formations will submit to the SS&TC/IESPL their daily strength statements and draw their requirements of ration in bulk which will be based on the daily strength of the unit and scale of ration authorized. Ration will be issued on issue voucher duly supported with units daily strength statements.

35.2. It will be seen in audit that :-

- (i) The name of the unit, station, month and year are noted in a space provided for the purpose on the title page and that the opening balances have been correctly brought forwarded from the previous month's Adm. check and that it has been signed by the OC/Authorized Officer of the unit;
- (ii) Daily Strength Statements will be checked in full for each month to see that:-
 - (a) All the names have been correctly brought forward from the last month's Daily Strength Statement;
 - (b) All the casualties affecting ration strength such as admission to hospital, grant of leave, transfer to other units, attachment to other units for rations, etc. have been correctly marked (check to this effect will be exercised from Part II Order issued for this purpose);
 - (c) The number of rations worked out based on Daily Strength Statement is arithmetically correct;

Note 1: To avoid double/over issue of ration, LRC in respect of attached personnel will invariably be looked for.

Note 2: The Internal Audit Officer will exercise a test check over the title to rations as shown in Daily Strength Statement to ensure that they have been correctly worked out and accounted for. In cases where their test check reveals any irregularity, the Internal Audit Officers will carry out complete check of the entries in DSS. The items test checked by the Internal Audit Officers will be initialed by them.

- (iii) That underdrawal and overdrawal of rations have been dealt with as under :
 - (a) Underdrawal of rations (including fresh items in a month has lapsed to government and has not been made good by overdrawal in the subsequent month'
 - (b) Overdrawal of rations during a month has been adjusted as under :-
 - (i) Those detected by the unit have been adjusted either by underdrawal within the

month itself wherever possible or in the subsequent month by an equal quantity or by payment into treasury for the quantity/quantities overdrawn at the payment issue rate prevailed in the month of over-drawl;

- (ii) Those detected during the audit will similarly be adjusted by underdrawl in the ration return under preparation during the month of audit or subsequently or by payment;
- (iii) That the articles of local supply received from Army sources are properly accounted for in IAFA-1520.
- (iv) The quantities struck off charge against the item "Issue on Payment" agree with those shown in the statement on payment issues in the Adm. Check.
- (v) The rates and calculation in respect of payment issue voucher are correct.

35.3. Procedure for maintenance of Ration Accounts in respect of transients in Staging/Transient camps etc. will be as laid down in Annexure 26 BR Regs. (Reprint 1993).

35.4. Ration Return duly incorporating the name of the unit, Station, month and year in the space provided for the purpose on the title page is to be provided to the Audit Authorities duly reconciled with Previous Balance, Total Ration Received, Consumed and the Closing Balance. After completion of audit, the Audit Officer is to note down the closing balances of each item of Ration Return which is to be brought during the next Audit of Ration Accounts by the Audit Officer for verifying the correctness of the opening balances.

36. P.O.L. Accounting

36.1. All units and Formations of GREF will draw POL on an "as required" basis. All transactions will be accounted for in the POL ledger. Issue on POL to vehicles will be struck off charge on issue vouchers which will indicate the vehicle number and quantity of POL issued under the signature of the OC unit or authorized officer.

36.2. The following forms will be maintained by all units and formations having MT Vehicles on charge. These documents will be subject to audit:

- (a) Vehicle Register (IAFZ-2186).
- (b) Vehicle Log Book (IAFZ-2197).
- (c) Car Diary (IAFZ-2209).
- (d) Duty Slips (IAFZ-2007).
- (e) POL Stock Ledger (IAFZ-2109).
- (f) Requisition of POL (IAF-2206 Part I Revised).
- (g) POL retail issue voucher (IAFZ-2006 Part II revised).
- (h) Mileage Card (IAFZ-2212).
- (i) Payment Transport Register.
- (j) Register showing duty journeys before or after office hours or on holidays.
- (k) Packing material Register(for POL stores)

a. Vehicle Register

All units holding mechanical propelled vehicles on charge will enter them on IAFZ-2186 showing details of receipts and authority for allotment of vehicles. Separate page should be used for each make and type of vehicles on charge and the number and date of the vouchers on which vehicles were taken on charge/struck off charge should be clearly entered. It should be ensured that:

- i. The vehicles held on charge are not in excess of those authorized;
- ii. Vehicles have been transferred from one unit to another under orders of the competent authority;
- iii. Nomenclature of the vehicle shown in the register is correct;
- iv. Vehicles attached or loaned to an unit have been accounted for separately.

b. Vehicle/Equipments Log Book

(i) Log book will be maintained for each individual vehicle/equipment by the unit on whose establishment the vehicle/equipment is held and should be kept upto date.

(ii) Whenever a vehicle/an equipment is sent to workshop for inspection/repairs the entries for the consumption of POL will be made by the workshop against repair/test carried out by them. The fuel consumed for such purposes will as on “as required” basis and will not be taken into account. While working out monthly KPL figures, the target KPL of vehicles will be verified by the dependent GREF workshops and any subsequent variations are recorded in the log book.

(iii) An intelligent scrutiny of Log Books will be carried out to see whether the vehicles/equipment are gainfully utilized with reference to norms fixed by government from time to time.

c. Car Diary IAFZ 2209

(I) Car diaries are required to be maintained for all personnel carrying vehicles e.g., staff cars/ Gypsies/Ambulances, motor cycles etc. At the end of each quarter, the car diary for that quarter will be deposited in the MT Office for production to audit authority for audit check. The second car diary will be issued for recording the duties for the current quarter. Car diaries are very important auditable documents and must be properly completed and maintained.

(II) It should be seen in audit that:

- (i) The specific duty performed is shown under column 2 “specific nature of duty”,
- (ii) The officer using the vehicle has signed himself the duty performed under column 7 of the car diary, where senior officer not below the rank of CE are the users of the staff car, the staff officers accompanying them may sign the car diary;
- (iii) Kilometer reading and meter spirit drawn should be recorded in the relevant columns;

- (iv) All pages of car diary have been numbered to prevent risk of additional unauthorized journeys being recorded;
- 36.3. Motor spirit in tank will be checked on the last day of the month by filling tank to the maximum capacity and the result recorded in the car diary in red ink.
- 36.4. Use of vehicles on payment duties such as amenity, will be recorded in red ink for the purpose of differentiation and the MRO will be entered along with the remarks for use in the remarks column.
- 36.5. All journeys against which nature of duty performed is not clearly specified in the car diary will be treated as “non duty journey” and charges recovered from the officers using government transport for the KMs run at normal rates.
- 36.6. In auditing register showing duty journeys before or after office hours or on holidays, the points mentioned in items (P) (S) below clause (VII) and clause (VIII) of Para 310 of ALAM Part I Vol- II *mutatis mutandis* will be looked into.

d. Duty Slips

The use of duty slips (IAFZ-2007) will be restricted to stores carrying vehicles for which car diaries are not maintained.

e. P.O.L. Ledger

It should be seen in audit that :

- (i) Stock has not been held in excess of normal requirement;
- (ii) POL has been accounted for in accordance with the instructions issued from time to time;
- (iii) POL charged off from ledger as issued to vehicles agrees with that taken on charge in Mileage Card against the vehicle concerned;
- (iv) Oil Lubricants charged off from the ledger as issued to unit vehicles are in accordance with the authorized proportion;
- (v) Monthly stock verification certificate has been endorsed.
- (vi) Utilization of POL can be checked in the unit level by linking between POL ledger & Work Diary maintained by the concerned section with LPR/MPR.

f. Mileage Card IAFZ 2212 (Revised)

A mileage card will be maintained in respect of each vehicle and all columns completed in accordance with the instructions printed on the form. Mileage Card will be filled daily for vehicles in the station and on return from duty for vehicles on outstation duty. MT/Gasoline/Diesel in tank of every vehicle will, however, be checked accurately on the last day

of the month by filling the tank to maximum capacity or by draining the tank in those areas where filling to maximum capacity is not necessary, and the result recorded.

36.7. It will be seen in audit that consumption of MT gasoline/diesel during the month has correctly been arrived at. It should be seen in particular that issue of MT/Gas/Diesel to vehicle shown in mileage card, POL retail issue voucher (IAFZ-2206), car diary duty slips and POL ledger agrees and that Mileage Card has been signed by the officer detailed for the purpose.

36.8. It should be further ensured that :-

- (i) Various columns of the books have been completed;
- (ii) Monthly summary has been correctly prepared;
- (iii) A certificate in the following terms has been endorsed “certified that KPL/MPG obtained during the month is reasonable”;
- (iv) Kilometer reading has been checked in respect of all vehicles at least once daily.

36.9 Detailment of V/E/P against various Jobs can be linked with the Job-wise Work Diary maintained by the concerned section of RCC/BCC etc. to check its proper deployment and utilization against a particular job.

37. GREF Clothing

GREF personnel are entitled for free issue of clothing items as per scales laid down in Annexure-12 to para 186 of BR Regns, as amended from time to time. Provisioning for clothing items is done centrally by DGBR based on the strength of force and life of individual clothing items.

38. Life Cycle Concept

Items of clothing are issued to GREF as well as Army Personnel on life cycle basis as per Appendix “D” to Government of India, Ministry of Shipping and Transport BRDB letter No. F. 81(1)84-Estt/18020/DGBR/DTA/Coord dated 16-10-1984 as amended from time to time. Life of each clothing items have been fixed and fresh items are issued to the individuals after the expiry of fair life.

39. Replacement for losses and Unfair Wear and Tear

Cases may occur where items of clothing and necessities may require replacement before the expiry of the assessed fair life, either due to losses or failure on the part of an individual due to negligence or carelessness. In such cases the individual will be charged 75% of the cost (PV rates) if the items have been used for a period upto half the prescribed life and 50% of the cost if the item has been used for a period exceeding half of the prescribed life. However, to ensure that misuse and losses do not occur frequently, unit commanders may waive this concession and recover full amount from the individuals for the items lost or misused. The unit commander in such cases will record his reasons for doing so.

40. Special Issues

Under special contingencies such as natural calamities and other circumstances, clothing items may require replacement before the expiry of the fair life. Chief Engineers of Projects may sanction such issues on receipt of formal requests from the units under their commands. Such powers will be exercised by the CE only and will not be delegated to lower formations.

41. Procedure for Provisioning by Units

The system of issue on the life cycle concept and its success depend upon the availability of stores. It is, therefore, essential that sufficient stocks are held by store supply units at all times. Bases on the assessed fair life and authorized strength, 20% of the authorized entitlement will be held as reserve stock by store supply units in addition to the maintenance stock. This is to cater for any unforeseen eventuality such as issues due to losses, unfair wear and tear, fluctuation in strength and bottleneck in supplies.

42. Individual Clothing Card

From the nominal roll attached to the issue voucher on which the issue of clothing has been effected, the QM will prepare the individual clothing card in duplicate for each individual to whom issues of clothing have been made and complete the relevant columns against the items issued. Care will be taken to ensure that entries made in both copies of the individual clothing card are eligible and overwriting, if any is scored through neatly and written afresh duly initialed by the QM. The QM will certify on the Issue voucher that all issues made have been entered in the Individual Clothing Card and are as per the authorized scales. Both copies of the Individual Clothing Card will be signed by the QM and stamped showing the name of the unit, date and marked as 'original' and 'duplicate'. The original copy will be handed over to the individual and the duplicate copy will be retained by the QM of the unit. Clothing Card Register will be maintained by the branch to record all the individual clothing cards and signatures of the individuals obtained against each entry in token of having received the individual clothing card. QM will make a quarterly check of the Individual Clothing Cards to ensure that copies in respect of the individuals borne on the posted strength of the units are held by them. OC Unit will carry out check once in a six months and these checks will be recorded in the manuscript Clothing Card Register. On receipt of Individual Clothing Card in respect of the individuals posted in as also its disposal on his posting out, discharge, etc. necessary particulars will be recorded in the Clothing Card Register. On discharge/the individual being medically board out of service, in individual clothing card (original) will be withdrawn and the individual charged for such deficient items that are required to be returned by him. The individual clothing card Annexure 'D' will be annexed with the duplicate copy by the QM.

43. Unit Clothing Ledger

This ledger will be maintained by every unit on IAFZ 2286 and will show all items of clothing held on charge. All receipts after careful comparison with vouchers will be taken on charge. Issues when made to individuals will be promptly recorded in the ledger by means of CIV supported by nominal roll of the individuals. The signature of the individuals will be obtained thereon.

44. Unit Clothing Record Register

The register will be maintained by every unit. A separate page will be allotted to each individual. All issues made to the individual will be endorsed in this register, it will thus be the compilation of issues made to an individual in the unit and will be a replica of the Individual Clothing Card.

45. Audit and Administrative Check

All issues and necessity of items covered by the life cycle concept will be subject to audit. The Individual Clothing Card and Unit Clothing Ledger will both be subject to audit checks. When an individual is posted out, the duplicate copy will be forwarded to his new unit only after audit. If delays in audit are anticipated an extract of individual clothing card pertaining to transaction for the period to be audited will be prepared in triplicate of which two copies will be forwarded to AO (P)/AO TF concerned of that unit.

(a) Recoveries are not applicable when replacements are effected on completion of full fair life of respective items. All returnable items will be taken on Charge by the unit on certified receipt voucher (CRV) and will be returned to store company/store platoon/base depot for further disposal of salvage.

(b) In case of premature retirement/voluntarily release/discharge before 3 years, an individual will be entitled to retain (1 to 6) items of clothing (serial No. 1 to 6) on payment or proportionate cost at the PV rate for the remaining period of the assessed fair life of each such store. In case an individual is dismissed from service all items of clothing will be withdrawn and deficiencies if any will be debited against the individual. He will however, be permitted to retain head-dress, shirt Khakhi and Trousers Drill Khakhi and one pair of boots on payment of proportionate cost at PV rate for the items.

46. Deserter

46.1. Rejoining duty within six months: All items of clothing which may be with the unit, will be retained in stores for six months for re-issue in the event of his rejoining. If he rejoins, his next issue of clothing including those taken by him at the time of desertion will be extended by the period he had been absent from duty.

46.2. Not Re-joining duty within six months: If he does not rejoin duty within six months, items of personal clothing will be available for issue to any other deserter/AWL person on payment of the proportionate cost of the PV rate for remaining period of the assessed fair life of each of such items.

47. Extent of Audit

47.1 Issues: The percentage of audit of clothing items will be as under :

- (i) Items costing Rs. 50/- and above- 100%
- (ii) Items costing Rs. 10/- to Rs. 50/- 33 ½%
- (iii) Items costing less than Rs. 10/- generally scrutiny to the extent of 10%

47.2. Linking of Receipts

Linking of receipts will be to the extent of 16 ½%

48. Issue of GREF Clothing on Payment

48.1 The following items of clothing may be issued on payment to the extent feasible and if authorized by CE to the personnel on monthly rates of pay:

- (i) Water Proof Cape at one per individual only in areas where rainfall is heavy.
- (ii) Blanket/Razai
 - (a) At one per individual at places below 5,000 ft. high.
 - (b) At two per individual at places above 5,000 ft high.

48.2. The following additional items of clothing may be issued on payment to the personnel employed at placed over 10,000 ft. high.

- (i) One Jersey Pullover
- (ii) One cap comforter
- (iii) One pair of gloves.

48.3. The rates at which cost of the items referred to above should be recovered from the personnel will be notified by the DGBR from time to time.

48.4. It will be ensured in audit that:

- (i) Clothing items have been issued only to the individual authorized for issue.
- (ii) Proportionate recovery has been made from the individual in case of premature replacement.
- (iii) Issues on payment have been made only to the entitled category at approved scales.
- (iv) Amount recovered for clothing released on account of payment issues have been credited to the government.

48.5. The DCDA/ACDA/Sr.AO/AO will also ensure that there is no excess holding of clothing items in the unit beyond permissible limit.

49. Arms and Ammunition Ledgers

It will be seen that:

- (a) Ammunition account register has been maintained by units/formations on IAFO-1444-A.
- (b) Ammunition on charge have been properly accounted for category- wise in paras I to VI of the register;
- (c) Registers have been kept upto date at all time;
- (d) Reports of all cases of theft or loss of arms, ammunition or explosives have been made immediately on occurrence to the CE by signal and to the Supdt. of Police of the Civil District Authorities without delay;
- (e) Court of Inquiry has been held in all cases of loss and its proceedings have been forwarded to DGBR not later than 3 months from the date of loss;
- (f) The provisions of item 68 of Appendix I FR Part I Vol- II have been complied with and the number of cartridges expended and the deficiencies, if any, are sanctioned on a loss statement in accordance with Note 5 to rule 131 FR Part I; and
- (g) Issue vouchers in respect of return of ammunition bear certificate under the signature of officer concerned that the items and quantities entered over leaf have been checked and packed in his presence and are correct in all respects.

50. CP voucher Register

It will be seen that:

- (a) CP Voucher Register has been maintained in the prescribed format.
- (b) A separate page has been allotted to each category of stores
- (c) The register has been kept updated
- (d) All the stores received through CP Vouchers have been correctly brought into Ledger Charge
- (e) All the items having shelf life are being consumed within the prescribed life
- (f) The Balance quantities of stores had been taken into account before placing fresh indent or referral Supply Order.
- (g) The linking and credit verification of CP vouchers will be done to the extent of 100% and CRV No.& date will be noted in the CP vouchers .

51. Local Purchase Register

Local purchase of CAT A Spares, CAT B and Other CAT B Stores may be resorted to by the CFA to the extent of scope and financial power delegated to them under para 904 to 911 of BR Regs in consultation with DCDA/ACDA/Sr.AO/AO concerned. During local Audit it will be seen that:-

- (a) That the Register for Sanction of Local Purchase has been maintained in the prescribed format for each Financial Year
- (b) That UO No and Date allotted by the Collate IFA has been mentioned in the space provided therein
- (c) That the Specific amount of sanction has been noted
- (d) That the Name and designation of the CFA has been mentioned
- (e) That the amount of sanction is tallied with the amount of Supply Order
- (f) That the Stores procured have been consumed within its stipulated time
- (g) That the no store is lying idle for an abnormal period
- (h) The credit verification of Local purchase vouchers will be to the extent of 100%.

Note: The CFA can resort to local purchase of CAT A Spares to the extent of Financial Powers delegated to them under provisions catered for at para 904 to 911 of BR Regs on emergency. Stores procured under this provision should invariably be consumed within a period of 03 months.

Section-III

Audit of Base/Field Workshops

52. Responsibilities of Base/Field Workshops

Base/Field Workshops are responsible for repairs/overhauls of vehicles/equipment held on charge of GREF formation. Vehicles/equipment requiring major repairs which cannot be carried out at Field Workshop levels will be sent to Base Workshops.

Presently there are two workshops namely Eastern Base workshop and Western Base workshop and several Field Workshops and (I) Works Platoons are there in BRO.

Vehicles/Equipment received on issue vouchers in the R&I Section shall be taken on charge in separate ledgers by means of RV and sent to unfit park and documents handed over to PP & C section for opening job folder and preparation of work order.

One work order for small batches of similar equipment or type of vehicles will be prepared. The work orders will be controlled by the PP & C section, who allot serial numbers to them and maintain a register in work orders. They will also open a job folder for the job covered by each work order and sent it to the Production Manager along with the vehicle equipment.

Indents for spare parts and other stores required in the repair of the vehicle/equipment will be placed on the Material Control Officer who will ensure internal spares availability from TSS (local). After ascertaining the internal availability of spares/stores”, MCO will place the demand of spares in sextuplicate on the Store Division concerned, indicating the Work Order number and dated. One copy of the demand will also be placed in the job folder held with PP & C Section.

On receipt of demand by the Store Division, one advance copy of the demand duly marked with the availability of items will be returned to the Base Workshop for initiation of local purchase action for items declared not available; MCO will collect three copies of issue vouchers alongwith stores from the Store Division. One copy of the issue voucher will be kept by PP&C Section in the job folder and one copy duly signed by MCO will be returned to the Store Division, the third copy being retained by the MCO. Spare parts not available with Store Division will be procured by Base Workshops and accounted for in the normal manner.

One copy of expense voucher for those items which have been consumed against the particular job will be sent to PP&C Section by MCO duly signed by OI/C Section responsible for consumption and kept alongwith the job folder.

MCO will not maintain any ledger to account for the spares received from the Store Divisions but a record of spares received and sent for job will be maintained in the respective job folders.

Items remaining with MCO unconsumed against a Work Order will either be transferred to another Work Order where these may be required or return to the Store Division/TSS, on proper voucher. A copy of this voucher will be placed in the job folder.

TSS will collect the available Stores from Store Division. MCO will prepare demand for Local Purchase of stores/spares and forward the same to LP Section. LP Section will arrange to procure the stores not available with Store Division through Local Purchase under the delegated power of Commandant EBW/OC WBW/OC FWs by observing various LP norms.

Stores procured through LP will be received in LP traffic of the workshop where the same will inspect by Boards of Officers and sends to TSS. TSS will take stores on charge in Accounts Card by means of CRV duly credit verified by the affiliated Accounts Office.

TSS will issue stores to responsible overhaul group on the basis of requisition prepared by the overhaul group, duly signed by the Dy. Manager , Overhaul group and countersigned by Dy. Commandant Production . Requisition is prepared based on Work Order.

If, during repair/overhaul, stores are retrieved or are obtained by cannibalization, these will be categorized as serviceable, part worn, unserviceable and will be vouched over to the Stores Group on regular issue vouchers and will be accounted for by that group separately in the same manner as other stores.

Similarly, stores unexpended on the completion of the job will be sent to the Expense Section of the Stores Group on regular issue vouchers and accounted for by them.

Copies of issue vouchers in the above cases, duly receipted by the Stores Group, shall be kept along with the Work Orders.

In some cases, certain spares or items may have to be manufactured in the Workshop itself, for instance, in the Machine Shop, Coach Work etc. In such cases, the main section will place a Repair Inter Section Requisition (IAF EME W27). This will be treated as a Work Order in the section doing the work.

Final Inspection carried out as per IFA (EME) E-23(Rev) in case of equipment E-03(Rev) in case of vehicles after Base overhaul and equipment/vehicle classified as Class-A. A certificate will be given in the Work Order as well as in the Log Book that the work has been satisfactorily completed. The nature of the repairs carried out and that the vehicle/equipment has 'passed final test' will be entered in the Work Order and the Log Book and signed. The Work Order, the Log Book and other vouchers will then be sent to the PP&C section. Vouchers for stores drawn from the Stores Group will be sent by the MCO. These documents shall be kept by the PP&C Section in the job folder duly signed by the Chief Inspector.

The overhauled VEP will be transferred to the Fit Park and at the same time intimation in respect of overhauling will be given to PC&P Section along with a copy of the Inspection Report.

PC & P Section will complete the Job Folder and close the work order with work completion note. And declare the output of the VEP to the Dte in terms of man hours and efficiency of the entire overhaul group.

Vouchers for stores drawn from the Stores Group will be sent by the MCO. These documents shall be kept by the PC&P Section in the job folder.

Items remaining with MCO unconsumed against a Work Order will either be transferred to another Work Order where these may be required or return to the Store Division, on proper voucher. A copy of this voucher will be placed in the job folder.

Expendable stores required for use in repairs will be procured and accounted for Commandant Base Workshop in the normal manner. Items consumed during the month will be charged off the ledger on the basis of an expense voucher. This voucher will be signed by the Oi/c Section and countersigned by the Dy. Commandant Production and will contain a certificate to the effect that the items mentioned therein have been fully utilized on authorized jobs.

A separate Work Order will be prepared for works undertaken for other departments/ Governments e.g. Central/State P.W.Ds. in such cases, the Work Orders will be priced. The overhead charges that should be levied in addition will be as determined by the Government from time to time. Debits for the total amount involved will be raised through the Accounts Officer against the department/ Government.

On receipt back of the repaired vehicles/equipment in the R&I Section, the Log Book will check for the correctness of the register No. of vehicle/equipment, BA Nos, 'Chassis Nos, Engine Nos, Tyre Nos etc. they will then issue to the units on issue vouchers on the authority of release orders issued by DGBR.

53. TOOLS STORE

All machinery, benches, hand tools and special maintenance tools etc. used in the Workshop shall be accounted for by the Works Manager in separate ledger as under:-

- Machinery Ledger
- SMT Ledger
- Hand Tools Ledger
- Expandable Tools Ledger

Items of Machinery will be received by the Tools Stores direct from DGS&D and other parties with reference to orders placed by the DGBR, all other tools and stores including items purchased locally will be received through the Stores Group. Indents for requirements of the latter stores shall, therefore, be placed on the Stores Group and on receipt, the stores will be accounted for in ledgers. Items of machinery, tools etc. will be given to the different sections and proper receipts obtained. Distribution of the Machinery, Tools etc. shall be shown separately or on the reverse of the ledgers.

All benches, tables, store cup-boards etc., will be held on charge as 'article-in-use' and will be accounted for in a separate ledger.

Items of machinery, tools etc., will be struck off ledger only when they are lost or when they become unserviceable. In the former case, loss statement will be prepared and sanctioned by the competent financial authority and in the later case items will be condemned by duly

constituted Boards. The proceeding of the Boards shall be attached to the voucher prepared to strike off stores from the ledger.

In the case of expendable stores, certificate will be obtained monthly from the officer-in-charge of the section concerned that the stores drawn by them have been utilised on authorised purposes. Based on these certificates the items involved will be charged off from the ledger monthly on expense vouchers. The procedure for the disposal of machinery held in the Tools Stores shall be the same for the disposal of vehicles and other equipment.

54. SALVAGE PARK

All scraps occurring out of various jobs undertaken in different sections of the Base/Field Workshops will be vouched over monthly on IAFZ-2096 to the Salvage Section, duly supported by Condemnation Report on IAFD-931.

The condemned material will be taken on charge according to the category of scraps-ferrous or non-ferrous.

The condemned material which could be used in the Base Workshop will be sent to the Expense Section of the Stores Group on regular vouchers.

The procedure for the disposal of the rest on unserviceable materials shall be the same as per store in general.

Scrap of non-retrievable items such as unserviceable rubber parts, pins, brushes, oil seals etc. will be vouched over by weight to the salvage park, supported by a certificate from the officer-in-charge of the section that the stores are not retrievable or reclaimable. No condemnation board is necessary in such cases.

55. Work Orders in Base/Field Workshops

Work Orders will be the authority on which work is undertaken in workshops. It will be seen in audit that:

- (i) All work orders have been posted in the register of work orders maintained for the purpose;
- (ii) The nature of work has been fully endorsed on the work order sheet; No work is executed in the workshop without proper authority or without the previous approval of the estimate in the following cases :
 - a. All manufacture work
 - b. Work done for other depots
 - c. Work done for private individuals
 - d. Repair work for which estimates are specially required;
- (iii) Work orders of repair work on payment or for contractors are signed by the Officer

Commanding workshops and the sanction of the DGBR where necessary, has been obtained;

- (iv) In the case of payment work orders, labour charges or general and indirect charges as also departmental charges to be added to the cost of material, have been correctly levied;
- (v) The vouchers for material drawn and recovered have been correctly shown on the reverse of IAFO-1370 (work order); and
- (vi) The printed certificate on the expense vouchers for stores issued on job as shown on the reverse of IAFO-1370 (Work Order) has been signed by the Workshop Officer concerned in token of all the stores shown on the vouchers having been expended on the job.

56. Audit of Major Repairs/Overhaul

- 56.1. In all cases of Major Repair/Overhaul, it will be seen that the cost of repairs is not disproportionate to the residual life of the vehicle equipment.
- 56.2. Internal Audit Officer will examine inventories of spares/stores held in workshop for repairs and bring to the notice of CE/Cdr. TF cases of non-moving/slow moving stores. A half yearly report will be sent to Main Office.

Note: Stores/Spares not drawn for over one year to 3 years will be treated slow moving. Stores not drawn for 3 years and above will be treated as non-moving.

57. AUDIT OF SUPPLY ORDERS FOR PURCHASE OF CAT A AND CAT B STORES IN BASE WORKSHOP

It will be seen in Internal Audit that: -

- (a) Provisions of Govt. of India , MORT&H and Border Roads Development Board letter No.F-2(2)/BRDB/61 dated 23 Sep 63 or any other letter in force are carefully complied with.
- (b) Extent of purchase is within the specified monetary limit in respect of any article or any number of similar articles purchased on each occasion. As laid down in Note (i) and (ii) under para 147 of FR Part I Vol I, Articles of different sizes of specifications will be treated as different articles provided they do not serve the same purpose.
- (c) That purchase is not split up to bring the value of purchase within the financial powers of the lower Competent Financial Authority.

- (d) Purchases are effected against specific requirements only, up to the financial powers of the Comdr Base Wksp/Chief Engineer/OC Fd Wksp.
- (e) Local purchases are not resorted to unless the following conditions are fulfilled:-
- (i) The items required are not available in the store division as per equipment responsibility laid down vide inventory control procedure.
Or
 - (ii) The item is immediately required to carry out emergent repairs and time does not permit to place the demand on the source of supply and wait. All such cases will be invariably certified by the Commander Base Workshop/OC Fd Wksp.
Or
 - (iii) The item “in lieu” if held by the store divisions/Base Wksps is unsuitable for use.
 - (iv) The repair to equipment or manufacture of stores is actually held up or is likely to be held up for want of item intended to be purchased.
 - (v) The quantity of items required to be purchased is the bare minimum and is not required for stock. However, it is quite possible that due to non availability or non-materialization of all the connected spares simultaneously or about the same time, the spares may not be consumed immediately and remains unutilized till the receipt of the connected spares. This will not be treated as purchased for stocking.
 - (vi) In case of the items being of proprietary nature the purchase is made to the financial limit of the CFA against single tender/quotation of the firm. A certificate to the effect of proprietary item has invariably been obtained from the firm.
 - (vii) The item is purchased from the authorized dealers of the manufacturer of equipment/vehs, assys or component or single quotation. A certificate to the effect that prices quoted are as per the current price list of the manufacturers is invariably obtained from the authorized dealers along with the quotations.
- (f) Base Workshop has maintained trade Directory under the following heads and keep contact with the trade to obtain the publications on the advertisement appearing in the news papers and magazines :-
- (a) Advertisement from News papers and Magazines.
 - (b) MT Parts
 - (c) Electrical goods.
 - (d) Tool, machinery and plants.
 - (e) Paints.
 - (f) Nuts, Bolts Screws and washers.
 - (g) Hardware stores.
 - (h) Rubber goods
 - (j) Welding, brazing, soldering materials
 - (k) Cotton and Canvas, goods

- (l) Bearings
- (m) Electrical Motors and switch gears (Miscellaneous)

(g). Local purchase may be made from:-

- (a) Firms in the station
- (b) Firms outside the station

(h). Local purchase action is initiated by MCO after the items have been declared NA by Store Divisions on the demands placed on them by the Base Wksp. The stores are only to be purchased for commitments in hand in the Base Wksp/Fd Wksp.

(i). Quotations are called from a minimum of three responsible firms. Quotations are called only from properly registered suppliers of the respective items. It has been ensured that a fair chance is given to the likely registered suppliers to quote for supply the items. Non availability certificate from the normal supplying department will, however be necessary for calling of quotations.

(j). When the stores are of proprietary nature are obtained from authorized dealers, calling of three quotations is not necessary, if the firm can produce authenticated dealership document from the principals.

(k). Quotations are received as under :-

- (a) By post.
- (b) By personal collection by the LPO or Officer specially detailed for this purpose.
- (c) Personal delivery by the local firm. These are collected in a box placed at the gate office.

(l). The quotations have been opened on the due date under the arrangement of the Comdt Base Wksp/OC Fd Wksp by a board of officers. No quotations have been called from black listed firms.

(m). CST has been prepared. When items of the lowest quotations are not consistent with the Wksp's requirements, the stores will be purchased from the next higher quotation. In such cases suitable endorsement will be made on the comparative statement by the WM/LPO/MCO. The firm from which the stores are to be purchased have been indicated by Comdt Base Wksp/OC Fd Wksp on comparative statement.

(n). The date by which the supplies have to be completed by the firms are clearly mentioned in the supply orders. However, if supplies are made after the due date but still required and acceptable by Wksp will be in order subject to issuance of formal amendment to the supply order in consultation with Accounts Officer concerned .

(o). Stores are purchased against items when original items (such as switches, head and tail lamps horns) are not available in the local market, subject to the following conditions :-

- (i) The performance of the V/E/P is in no way impaired by the fitment of other than original items and

- (ii) The fitment of the other than original items does not necessitate a permanent modification of any part of the V/E/P.

- (p) After inspection by the board of officers, the approved stores are handed over to the Technical Stores Section of Base/Field Wksp along with Inspection Note cum CRV for accounting in the ledgers .Duplicate copy of the CRV is sent to the Accounts Office for linking purpose.

- (q) Local purchase is made on minimum basis.

- (r) Avenues such as alternate use of existing items by minor modifications, items availability under commonality, repair, and techniques have been explored.

- (s) Steps have been taken to arrest repetition of local purchase of the same item indefinitely, by expediting 'dues-in' initiation of indents, amendments to scales and other such steps which can reduce local purchase.

- (t) L.P stores lying unconsumed for more than two months should be brought to the notice of Comdt Base Wksp/OC Fd Wksp to take action for consumption of items lying unutilized.

- (u) Samples obtained along with the quotations or subsequently to ascertain suitability or acceptability of the items quoted before placing supply orders will not be consumed for overhaul/production in the workshop before they are received and accounted for against formal supply orders.

Stores locally purchased for a specific requirement and held in the stores section of Base/Field Wksp pending issue to the shop floor will not be taken as stock available against any other specific requirement for which additional local purchase may be necessary. This should, however, not prohibit use of stores on jobs other than the one for which the stores were procured when it becomes obligatory for expediting overhaul.

Section-IV

Miscellaneous

58. Loan Issue Register

58.1. Ordnance stores obtained on loan are accounted for in the same manner as received from other units.

58.2. It should be ensured in audit that:-

- (i) Items issued on loan are entered in the register and sanction of the Competent Authority for issuing the items on loan exist and;
- (ii) The items have been returned to the party concerned on the expiry of loan period;

59. Equipment issued on Hire Charges

In the case of equipment like dozer etc. issued on hire, it should be ensured that authority exists for such issues and that hire charges have been recovered and credited to the government account.

60. Packing Materials

It should be seen that the packing material received in or issued from the depots, full with stores, is accounted for in the ledger of the group concerned, whereas that received in or issued from the depot empty is accounted for in the packing material ledger .

61. Audit of Railway Warrants/Credit Notes

The documents mentioned below will be checked by Internal Audit staff at the time of audit of store accounts to the extent and in the manner indicated in the succeeding paragraphs.

62. General Check of Railway Warrants

(IAFS-T-1707, T-1707 IA, T-1714, T-1719, T-1720 C, T-1720 D, T-1728, T-1732, T-1733, T-1736, T-1747, T-1752 and Y-1953).

Books of warrants will be checked on general lines to see that:

- (a) The forms are kept in safe custody under lock and key;
- (b) A register (in IAFZ-2012) recording the receipt and disposal of the books is

- maintained and monthly certificate endorsed thereon by the O.C. of the Unit/Formation to the effect that all the forms on charge have been checked personally and physically showing the result of the check;
- (c) In the case of “cancelled” counterfoils the relevant warrants (folios) have been effectively cancelled and posted to the respective counterfoils; Wherever Rly Wrt cancelled due to over writing/wrong entry or any other reason, a sum of Rs.10/= has to be remitted to Govt. treasury through MRO as cost of Stationery and the same has to be sent to concerned Accounts Office for further necessary adjustment.
 - (d) The numbers and dates of Part II orders authorizing the move are, in general, quoted on the counterfoils of warrants;
 - (e) No blank forms have been signed by the issuing officer. All such instances will reported to the PCDA (BR)/CDA (BR) Guwahati/JCDA (BR) Chandigarh who will take up the matter with the CE or DGBR for appropriate action.
 - (f) Warrants, used, when finally moving, for the conveyance of the balance of an individual’s authorized baggage have been linked with the number and date of the warrants already used for the conveyance of part of his authorized baggage;
 - (g) Any case in which extra expenditure is caused to the state on account of the conveyance of excess baggage has been dealt with under the extant orders.
 - (h) Vehicles form ‘C’ is utilized in the case of large parties of personnel proceeding to the same station on the same date:-
 - (i) When different railway warrants have been issued to officers to break journey, such warrants have been linked with each other by the issuing authorities by making the following endorsement at the top of each warrants in red ink; “Linked with warrants(s) No. (s) dated”
 - (j) The word Mail/Express/Ordinary whatever applicable has been indicated;
 - (k) The particular nature of duty or leave has been noted;
 - (l) Railway Warrants and credit notes have been signed in ink by the persons authorized to sign them;
 - (m) No alteration has been made. If a railway warrant has been incorrectly prepared it should be cancelled and fresh one issued;
 - (n) Losses of railway warrants have been promptly reported to the CE/DGBR as the case may be, through staff channels and the PCA(Fys) Kolkata;
 - (o) Losses of the blank forms have been regularized under the orders of the GOI as the losses on account of probable misuse of the lost forms cannot be ascertained;
 - (p) The words “checked” will be endorsed on the reverse of the counterfoil of the last warrant issued upto date under his dated signature;
 - (q) After the last batch of counterfoils of a completed book has been checked, a note to this effect will be made in the register (IAFZ-2012) maintained by the unit/formation. A completed book will not normally be checked again at subsequent visits;
 - (r) Five per cent of the warrants issued during the period under audit will be selected

for detailed check. The check will consist in seeing that:-

The numbers and dates of Part II Orders quoted and details regarding names, particulars purpose of journey, etc. on the counterfoils are authentic. The check should be made from the counterfoils to Part II Orders and not vice versa.

- (s) In case of cancellation of journey after the issue of Rly ticket against the Rly Wrt, the concerned individual has to submit the ticket to the Rly authorities and accordingly a TDR (Ticket Deposit Receipt) will be issued by the Railway authority against the cancelled ticket. The individual then submit the TDR to his unit. The unit authority immediately prepare a claim/letter claiming the fare of the cancelled ticket(s) and forward the same to the concerned Railway authority alongwith the original TDR .A copy of the said TDR will be enclosed in the counterfoil of the Railway warrants duly endorsing the letter no and date of the claim.

Railway warrants will be pre-vetted in respect of units co-located with AO (P)/AO TF and in respect of units located at out stations, post vetting should be carried out by the AO (P)/AO TF within three months from the issue of Rly Wrts.

63. General Check of Credit Notes

63.1. Credit Notes (I.A.F.T.-1711 –Military) S-142 (Civil) books of credit notes will be checked on general lines to see that –

- (a) The forms are kept in safe custody under lock and key;
- (b) A register in I.A.F.Z.-2012, recording the receipt and disposal of the books, is maintained and a certificate endorsed thereon every month by officer commanding the unit/formation to the effect that all forms on charge have been personally and physically checked showing the result of the check;

Note: The Internal Audit Officer should verify by a physical check of the books of forms that the entries in I.A.F.Z.-2012 relating to books in use and those in stock accord with facts.

- (c) In the case of cancelled counterfoils, the relevant credit notes (foils) have been effectively cancelled and pasted to the respective counterfoils;
- (d) The numbers and dates of issue vouchers or other communications forwarding stores are quoted on the counterfoils of credit note so as to ensure that only bonafide Government stores are conveyed on credit notes;
- (e) No blank form has been signed by the issuing officer; all such instances will be reported to the PCDA (BR)/CDA (BR) Guwahati/JCDA (BR) Chandigarh who will take up the matter with the CE(P)/DGBR for appropriate action
- (f) The sanction of the competent financial authority for credit note issued for wharfage age or demurrage has been obtained;

- (g) Demurrage charges incurred due to negligence on the part of consignor/consignee has been treated as loss of public money and dealt with under Rules paras 1073 to 1079 BR Regulations.
- (h) When stores are dispatched by a means other than goods train the sanction of the competent financial authority is obtained as per extent orders. Losses of credit notes have been promptly reported to competent authorities and regularized.
- (i) Losses of blank forms of credit notes have been regularized under the orders of the Government of India, as the losses on account of the probable misuse of the lost forms cannot be ascertained.

63.2. **Endorsement on Credit Notes**

The Internal Audit Staff checking/reviewing the forms will endorse checked/reviewed under his dated signature and designation, on the reverse of the counterfoils of the last credit note issued upto the date of check/review.

63.3. **Register of Completed Books of Credit Notes**

After the 1st batch of counterfoils of a completed book has been checked/reviewed a note to this effect will be made in the register (I.A.F.Z.-2012) maintained by the unit/formation. A completed book will not normally be checked again at subsequent visits.

63.4. **Detailed Check of Credit Notes**

Five percent of the credit notes issued during the period under audit will be selected (with due regard to the amount involved on each) for checking in detail with the corresponding issue vouchers to see that:-

- (a) The stores alleged to have been dispatched were actually issued and were Government property;
- (b) Credit notes were not used for the dispatch of stores issued on loan to Civil Departments; and
- (c) Credit notes were not used for the conveyance of stores in connection with training camps and maneuvers.

Note: The counterfoils thus checked will be initialed and dated by the official carrying out the check.

63.5. **Pairing of Railway Warrants/Credit Notes with their counterfoils**

In addition to the checks prescribed in the foregoing paras, a small percentage of foils of railway warrants and credit note will be paired with their counterfoils. Any discrepancies noticed during the check will be intimated to the PCDA (BR) New Delhi/CDA(BR) Guwahati/JCDA(BR) Chandigarh if they cannot be settled locally.

63.6. For this purpose, railway warrants and credit notes received by the AO (P)/AO TF for adjustment will be kept in a separate jacket after adjustment. These railway warrants/credit notes together with covering lists in duplicate according to stations of issue of railway warrants/credit notes.

64. Check of Concession Vouchers

Books of Forms 'D' IAFT-1709 A, T-1712 A and Y-1954.

- (a) The books are kept in safe custody under lock and key;
- (b) A register in IAFZ-2012 recording the receipt and disposal of the books is maintained and monthly certificate endorsed thereon to the effect that all the forms on charge have been personally and physically checked by the unit/formation showing the result of the check;
- (c) All cancelled forms are effectively cancelled and pasted to the relevant counterfoils;
- (d) No blank forms have been signed by the issuing officer;
- (e) In the case of JCOs, the forms are issued only where they have been granted leave. The check should be made from the counterfoils to part II Order/Part I Order and not vice-versa;
- (f) The particulars of AO(P)/AO TF responsible for accepting the debit as well as the head of account to which the amounts involved are to be booked are invariably given on the counterfoils of concession vouchers;
- (g) No alterations have been made and if a concession form has been incorrectly prepared, it should be cancelled and a fresh one issued;
- (h) Losses of concession forms have been promptly reported to the railway authorities and PCA (Fys) Kolkata including PCDA (BR) New Delhi.
- (i) All concession vouchers that are received from the PCA (Fys) will be paired 100% with the counterfoils by the Internal Audit Officer concerned to see that the entries in the concession vouchers are identical with those in the counterfoils. Any discrepancy noticed will be intimated to the PCA (Fys) Kolkata and PCDA (BR) New Delhi.

65. STOCK VERIFICATION

65.1. The responsibility for carrying out stock verification as prescribed in departmental regulations and standing orders rests primarily and solely with the BRO executive authorities concerned. The Internal Audit Officer during his periodical visit, will verify that stock-taking has been carried out as it falls due that, wherever possible, the staff actually employed in verifying stock is independent of the staff responsible for the physical custody of the stock or for keeping accounts thereof.

He will further see that:-

- (i) The system of stock-taking adopted is adequate and proper;
- (ii) The results of stock-taking are recorded in the ledgers, account cards or other prescribed documents by an officer authorized by the competent authority, under his dated Initials;
- (iii) The stock-taking officer will draw a red line below the last entry in the ledger and record the physical balance in the remarks column with his dated initials.
- (iv) All the discrepancies detected during the stock-taking are properly investigated, that all surpluses found on stock taking have been credited to government and the deficiencies have been dealt with under the orders of the competent financial authority;
- (v) The vouchers received (and binned) prior to the date of stock-taking have not been brought into the balance after stock-taking.
- (vi) Stock-taking of rations and POL is carried out monthly by the O.C. unit or an officer deputed by him.
- (vii) In respect of all other types of stores listed in paras 892 and 893 BR Regulations, stock taking is carried out by an officer or a Supdt. Gde I once during a financial year, at the rate of 25% per quarter.

The Internal Audit Officer will bring to the notice of the local administrative authorities concerned, through CDA (BR) Guwahati/JCDA(BR) Chandigarh and if necessary, to P.C.D.A.(BR) any cases of failure on the part of the BRO executive authorities to carry out periodical stock verification or cases of heavy discrepancies or other serious irregularities noticed in stock-taking.

65.2. In cases where, from the state of accounts produced for audit or otherwise, the Internal Audit Officer is "put upon enquiry" and has sufficient grounds to doubt the accuracy of the stock actually in possession of a unit, he may carry out an actual stock verification, after obtaining the prior concurrence of the P.C.D.A. (BR) in the manner described in the succeeding paragraphs. An intimation to that effect will be sent by the P.C.D.A.(BR)/Internal Audit Officer to the head of the units/Formations, who will make suitable arrangements for the verification of the stock by the Internal Audit Officer. The Internal Audit Officer will be provided with sufficient departmental assistance for carrying out his work and the store holder or his representative will be asked to be present during the process of stock taking.

65.3. The Internal Audit Officer will then verify the stock by actual counting, weighing or measurement and enter the results in the stock verification report [I.A.F. (CDA)-531] which will be prepared in duplicate and obtain thereon the initials of the stock holder or his representative in token of having accepted the figures. The Internal Audit Officer will thereafter proceed to work out the ledger balance for insertion in the stock verification report. After completing the stock verification report and after it is signed by him (Internal Audit Officer) and the store holder, he will get both the copies of the report signed by the head of the, units and hand over one copy to

the O.C for his record and retain the other for further action. The O.C. will arrange for an investigation of the discrepancies, if any, revealed in the stock verification report and take suitable action for their adjustment.

The fact that the stock verification has been carried out by the Internal Audit Officer will also be noted by him in the stores ledger, return and/or other accounting document under his dated initials.

65.4. The following general principles will be observed by the Internal Audit Officer when verification is undertaken by him :

- (i) He will generally be guided by past experience in the matter of selection of stores which he intends to verify. However, costly stores and those which are frequently received and issued and are easily saleable in the market will, in general, be given preference over other stores of less importance.
- (ii) In the case of bagged supplies, a certain number of bags will be weighed and the weight of each bag ascertained. If the surplus or shortage on the number of bags weighed is 1.25 per cent, or less from the invoiced weight, such bags will be accepted as containing the correct quantity. Bags, which appear, to have been tampered with, will be weighed and the correct quantity verified.
- (iii) Stock of petrol M.T. stores in petrol tanks will not be verified.
- (iv) The actual stock of coal in coal stacks will not ordinarily be verified. He will, however see that:
 - (a) The receipt and issue of coal in respect of each consignment have been properly accounted for in the register maintained for the purpose;
 - (b) There are as many stacks as are indicated by the stack tally sheets;
 - (c) The stacks are suitably marked to prevent pilfering;
 - (d) Issues are not made from more than one stack at a time.
 - (e) The percentage of the coal written off in each case is not abnormally high. Instances of abnormally high percentage of loss should be brought to the notice of the P.C.D.A.(BR).

66. Audit of Service Books

66.1. Service Books are maintained by the Unit concerned in respect of GREF Officers/ personnel on their posted strength Service books maintained by the HQ CE(P) and other lower formations are audited by the DCDA/ACDA/SR AO/AO of concerned AO(P)/AO TF. Service books, maintained by the HQ DGBR are audited by the Main Office, PCDA(BR) New Delhi. Twenty-Five percent of the current service books of the GREF Personnel will normally be selected for check within each period of twelve months.

66.2. Service Books will be checked to see that:-

- (a) That a register of service books is properly kept and the number of service books produced at the time of audit agrees with the number shown in the register;
- (b) The service books kept in safe custody of OC/head of the office;
- (c) That service books are maintained for all GREF Officers/ personnel;
- (d) That these are all updated and that every entry was attested at the time of the event.
- (e) Corrections of entries have been duly attested;
- (f) That the opening page has been re-attested every five years;
- (g) That the last entries regarding the dates of increments in certain selected service books are borne out by salary bills;
- (h) That the admissibility of joining time availed of is verified.
- (i) The date of birth has been mentioned by the Christian era with confirmatory documentary evidence such as a Matriculation Certificate, where prescribed qualification for appointment is Matriculation or above. In other cases Municipal Birth Certificate or Certificate from the recognised school last attended shall be treated as a valid document.
- (j) Entries regarding promotion and reversion, rates of pay & allowances, leave etc of individuals, as notified in office orders will be made in the service book as and when event occurs. All such entries and entries in the leave account which form part of the Service Book will be attested by a civilian gazetted officer of the department subject to the observance of the following conditions:
 - (i) that the entries relating to fixation of Pay, increments etc ., should be based on formal orders , certificates issued , approved by a gazetted officer;
 - (ii) that the attestation will not be made by civilian gazette officer in respect of entries his own service book;
 - (iii) the DCDA/ACDA/SAO/AO will inspect at least 10% of service book every year and initialed them in token of having done so;
 - (iv) that the entries made in page -1 and Annual verification of service will be attested by the concerned officer of personal department;
 - (v) that calculation regarding leave entitlement of the GREF personnel will be subjected to test check of 10% by the concerned officer of personal department at least once in 10 years and due priority is given to those proceeding on retirement/discharge.
- (k) The entries in the service Book will also be got attested by the individuals concerned (including those serving at outstations) once in two years. Such attestation will, however, be got done annually in cases of those who attain the age of 53 Years.
- (l) The details (e.g. the name and relationship of the nominees and page no of the file where the papers are recorded) furnished by the GREF Officers/Personnel in the nomination made by them under the liberalized pension Rule/NPS for death cum retirement gratuity has been endorsed in the service Book over the signature of

civilian Gazetted officer and another endorsement 'Entered in the Service Book' should be made on the nomination papers.

- (m) When an individual is transferred out from one station to another, the service Book of the individual has been got audited by the concerned DCDA/ACDA/SAO/AO before it is sent to the concerned Unit.

Note: (1) The request from Govt. servants for making a change in their date of birth should not be entertained except where it has been established that a clerical mistake had been committed in recording the date of birth in the service book.

Note: (2) The service Book will not be returned to the individual on retirement, resignation or discharge from service, even in cases where he might have paid for it already .A certified copy of the service book may , however, be supplied to him on his request and after making an entry therein to this effect.

67. AUDIT ENFACEMENT

All accounts, registers, documents, vouchers, etc., which are audited will be enfaced "Audited", "Linked", "Test Checked", "Objected to", "Remarked on", as the case may be. The Internal Audit Officer and the auditors will affix their dated initials and designation to each of those accounts, etc., in token of their having conducted that part of the examination, audit, scrutiny or test-check for which they are personally responsible. Only red ink or red coloured pencil will be used by the Internal Audit Staff for the above purpose. All marks and initials must be small and neat, care being taken to avoid the obliteration of figures and other details entered in the accounts, registers, vouchers, etc.

68. INTERNAL AUDIT CERTIFICATE

On the completion of audit, the auditor concerned will append a certificate to the office copy of the objection statement issued on the accounts of each unit or formation on the lines indicated below. The certificate should be examined by the Internal Audit Officer with the list of accounts to be audited and countersigned by him. Before countersigning the certificate, the Internal Audit Officer will exercise such checks over the auditor's work as will satisfy him that the audit has been efficiently carried out and that he take complete responsibility for the audit done and for the statements made in the certificate.

AUDIT CERTIFICATE

1. Name of the unit or formation.....
2. Period of audit.....
3. Month's accounts selected for full audit (vide selection orders attached)....
.....
4. Date of audit.....
5. Number of man-days authorized.....
6. Number of man-days taken.....

Certified that:

- (i) The following accounts which are required to be audited have been audited to the extent and in accordance with the instructions laid down in Army Local Audit Manual and other orders issued from time to time :-

Name of register of account's	Number of volumes	Period of accounts detailed checked	Name of auditor	Signature of the auditor
1	2	3	4	5

Note: If a separate list of registers and accounts is attached to the certificate, the necessary remarks to this effect should be given in the certificate.

(ii) All documents, vouchers, etc., audited, test-checked or scrutinized have been en faced “Audited” “Objected to”. “Test Checked”, “Test Linked”, or “Remarked on” as the case may be, and initialed.

(iii) Items (including office notes) outstanding on previous objection statement(s) have been dealt with and the objection register has been completed up-to-date. The relative registers, e.g., Register of losses, have been completed and linked, vouchers and other documents etc., have been properly filed.

Auditor's dated signature.....
Internal Audit Officer Signature.....

Para 69 to 80 : Blank

CHAPTER-III

Major Financial and Accounting Irregularities (MFAI)

81. Preparation of MFAI Report

81.1. The PCDA(BR) 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 BRO, for the quarters ending June, September, December and March each year, by the 20th of the month following the quarter. The following types of irregularities will be included in the report:

- (a) Cases involving irregular maintenance or non maintenance of accounts which, in the personal opinion of the PCDA (BR) have serious implications.
- (b) Cases in which the value of financial irregularities or loss involved is \square 5 lakhs or more in each case. Besides, Principal Controller (BR) may at his discretion include cases which disclose loopholes for fraud, defalcation etc. regardless of the financial limit referred to above.
- (c) Cases of serious irregularities which cannot be translated into financial terms but which, in the personal opinion of the PCDA (BR), should be brought to the notice of BRDB/DGBR etc.
- (d) Apart from cases of financial irregularities coming to the notice of PCDA (BR) through audit processes in the Main Office and Sub offices and reports from the administrative authorities, special attention should be paid to the following items;
 - (i) Optimum Utilization 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 units.
 - (iii) Deterioration in the condition of stores due to unduly long, inadequate storage and improper inventory management.
 - (iv) Defective planning and implementation of projects major deviations from original time and cost targets.
 - (v) Non-utilization /underutilization of V/E/P.
 - (vi) Irregular attachment of vehicles beyond authorization at Project/Task Force level for a prolonged period.

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. A report after its detection, alongwith the reasons thereof should be reported to the C.G.D.A. either through the report itself or simultaneously with its submission.

81.2. The MFAI Report will be rendered in two parts viz. Part I and II, specimen proforma I and II reproduced at annexure 'A' '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 numbers 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.

81.3. The report will be addressed to DGBR with copies endorsed to the CGDA, BRDB and Director General of Audit Defence services. The forwarding letter of the reports should invariably be signed by the PCDA (BR) or by the Addl. CDA/JCDA in the absence of the PCDA (BR).

81.4. 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 (by the CE(P)/TF Cdr. Etc.), so that wherever necessary, instructions could be issued by Government straight away to the HQ DGBR 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 a 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.

81.5. Cases which in the personal opinion of the Principal Controller(BR) are so important or significant, as to be reported to the BRDB/Ministry of Defence (Finance) will be included in Part II separately for cash and stores. [Reproduced at annexure (C) to this chapter]. 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 two pages.

81.6. Inordinate delays in the inclusion of an irregularity in the report on the major financial and accounting irregularities almost defeat the objective of these reports. It is, therefore, essential that cases of financial irregularity detected during a month are reported promptly either in the same or in the month following that to which the report on the major financial and accounting irregularities, relates, whenever there is an abnormal delay either in the detection of irregularity or in its inclusion in the Major Financial and Accounting irregularities after its detection, the reasons therefore should invariably be communicated to the CGDA either through the report itself or simultaneous with it.

81.7. To ensure that there is no undue delay in reporting to the administrative authorities cases of important financial irregularities, the Internal Audit Officers/AO(P)/AO TF will bring to the personal notice of the Principal Controller (BR) all such cases through special reports. On receipt of these reports, they will be examined in the Financial Advice Section and the cases reported to the administrative authorities with full particulars as expeditiously as possible.

81.8. A register of Financial Irregularities as per proforma in O.M. Part -II Vol. II will be maintained.

81.9. Detailed procedure for preparation of quarterly report on the Major Financial and accounting irregularities are laid down in para- 666 to 671 of OM Part –II Vol-I & para 523 to 529 of Defence Audit Code.

Para 82 to 85 : Blank

CHAPTER-IV

LOSSES

86. General

86.1. All losses whether of public money or of stores shall be subjected to a preliminary investigation by the officer in whose charge the money or stores were held, to fix the cause of the loss and the amount involved.

86.2. When an investigation into a case of loss discloses a defect in the system, a report shall be made to the Government through the usual channels and the PCDA (BR), together with a recommendation for rectifying the defect.

86.3. The monetary limits of sanction laid down in GOI, Ministry of Road Transport & Highways, Border Roads Development Board, No. 04/696/2007/BEA/21801/PC/DGBR/TPC Dated the 27th November, 2007 refer to each separate case of loss and it shall not be permissible to subdivide a case of loss with the object of bringing the amount within the financial powers of the authority dealing with it.

86.4. Questions relating to investigation of losses should be dealt with promptly by all concerned, and it is of the greatest importance that delays in dealing with any loss due to theft, fraud, negligence, financial irregularity etc. is avoided by the unit/formations. Every important case of loss of cash or of stores damaged or found deficient should be brought to the notice of the superior authorities by the units/formations as soon as possible. The AO(P)/AO should furnish vouchers and other documents relevant to the investigation when specifically requested by the unit formations.

86.5. Every individual in-charge of stores or cash shall be personally responsible for any loss sustained by Government through fraud or negligence on his part. He shall also be responsible for any loss arising from fraud or negligence on the part of any other individual to the extent to which he contributed to this loss by his own action or negligence.

86.6. In cases where it appears the recourse to judicial proceedings is likely to be involved, units/formations should obtain legal advice. In case of losses involving a reasonable suspicion of fraud or other criminal offence, they should report the case to D.G.B.R. for obtaining legal advice to ascertain the necessity for initiating prosecution.

86.7. The question of enforcing pecuniary liability should always be considered along with the other forms of disciplinary action. If the loss has occurred through theft, fraud or gross neglect, the individual responsible, including the supervising officer, if laxity of supervision has facilitated the loss, may be penalized either directly by requiring him to make good the loss or indirectly by taking appropriate disciplinary action. In deciding the degree of an officer's pecuniary liability, it will be necessary to look not only to the circumstances of the case but also to the financial

circumstances of the officer, since the penalty should not be such as to impair his future efficiency.

86.8. In such cases, the authority investigating the loss, shall inform the AO(P)/AO TF responsible for reporting on the Government Servant's title to pension, gratuity or other terminal benefits (in respect of those on deputation, through the Head of Department to which the Government servant belongs) and the authority competent to sanction pension, gratuity or other terminal benefits, and it will be the duty of the latter to make a note of the information and ensure that such pension, gratuity or other terminal benefits are not paid before a conclusion is arrived at as regards the Government servant's capability and final orders are issued thereon.

86.9. If any particular loss is found to be due to the fraud or willful neglect of a person who had deserted, the amount due to him may be adjusted against the penal recoveries ordered under the appropriate provisions in force.

86.10. Recoveries on account of losses made from individuals in cash shall be credited to Government in the usual manner. Where these are remitted into the treasury, the treasury receipt shall be forwarded to the AO (P)/AO TF for adjustment. The No. and date of the Treasury receipt and the memo under which it is forwarded to the AO (P)/AO TF shall be quoted on the loss statement.

87. Losses of Stores

87.1. Losses of stores may be classified under one of the following headings.

- (a) Losses due to theft, fraud or neglect.
- (b) Losses due to other causes:-
 - (i) Fire
 - (ii) Deficiency in actual balance.
 - (iii) Deterioration.
 - (iv) Defective storage.
 - (v) Rains/Storm/Flood.
 - (vi) In transit.
 - (vii) Miscellaneous causes.

87.2. Only those losses which have resulted from gross neglect on the part of the individual responsible should be classified as due to neglect and dealt with as such. Apparent losses of stores resulting from wrong identification, incorrect entries in the ledgers, omission to prepare vouchers for store disposed off or other errors committed by ignorant or inexperienced staff on account of circumstances beyond their control, need not be viewed as coming under the category of gross neglect.

87.3 . All losses of stores will be investigated by a Court of Inquiry except as provided below:

(a) **Loss of stores not due to theft, fraud or neglect.**

DGBR and CEs may, at their discretion after recording the reasons dispense with holding of a Court of Inquiry to investigate losses of stores valued `1,00,000/- and `10,000/- in each case in consultation with the IFA(BR) and DCDA/ACDA/SAO/AO respectively.

(b) **Loss of stores due to theft, fraud or neglect.**

DGBR and Chief Engineer may, at their discretion after recording the reason may dispense with the holding of a Court of Inquiry to investigate losses upto `20,000/- and `2,000/- in consultation with IFA(BR) and DCDA/ACDA/SAO/AO respectively.

Courts of Inquiry should be promptly convened and the proceedings forwarded without delay to the DGBR for submission to Govt. where Government sanction for write off of the loss is required. Disciplinary action against persons found responsible for the loss will be initiated simultaneously. The proceedings will not be held up for disciplinary action to be taken or loss statement to be prepared. The proceedings will be accompanied by:

- (i) A statement as to the disciplinary action taken or contemplated and the persons involved;
- (ii) An estimate of the losses of stores and buildings;
- (iii) A certificate that loss statements are being prepared and will be forwarded.

88. Court of Enquiry

A court of Enquiry shall invariably be held to investigate the loss in the following cases:

- (a) All losses requiring the sanction of the Government for write off;
- (b) Losses due to inaccuracy in previous stock-takings;
- (c) Losses of arms, ammunition and explosives;
- (d) Losses due to theft, fraud, neglect, fire or due to any other unusual occurrence except as provided in para 1043(b) BR regulations.

89. Transit Losses

89.1. Losses in transit shall be treated in the same way as losses in stock and, after investigation, shall be categorized as:

- (a) Losses due to theft, fraud or neglect.
- (b) Losses not due to theft, fraud or neglect.

89.2. In all cases of discrepancy between the quantities of stores shown on the vouchers received from the consignor and those, actually received, the consignee shall sign on receipt vouchers for the quantities shown on them and bring on charge in his ledger the full quantities recorded in the vouchers. The consignee will prepare discrepancy report in triplicate, two copies of which will be attached to the consignor's receipt copy of the voucher and the triplicate retained. The number and date of the discrepancy report will also be given in the consignor's copy of the voucher. The difference between the quantity as shown on the voucher and that actually received will be charged off on provisional loss statements which will be entered in the Register of Loss Statements.

90. Claims against Railways

90.1. In all cases of losses/damages of stores, in transit, the losses/damages will be assessed at the consignee's end in the presence of the representative of the railway and the acceptance of the liability obtained from the railways. A claim on the railways will be prepared as soon as possible after the discovery of the loss but not later than six months from the date of booking of the consignment. When the claim preferred is accepted in full or in part by the railways, the consignee will furnish the AO (P)/ AO TF with details of the claims and the copy of the letter from railway acknowledging their liability. The loss statement prepared will also show the above details. No formal write-off will, however, be required. The AO (P)/AO TF will take necessary action for effecting recovery from the railways.

90.2. No departmental charges are to be levied in the railway claims for losses in transit and no regularization on this account will be necessary. In case of short receipt of stores, a clear receipt for the total quantities indicated in the voucher will be given although the actual quantity received will be taken on charge and explanations for the discrepancies will be suitably endorsed on the consignor's issue voucher as well as the consignee's receipt voucher.

The above provision will not be applicable to the losses pertaining to arms, ammunition and explosives.

90.3. In case of claims relating to loss or damage in transit in which the railways refuse to accept the claim in full the loss will be treated as store loss. In those cases where the railways admit the claim in part, the loss (the amount of the claim preferred minus the amount actually admitted by the railways) will be treated as store loss and regularized on a loss statement by the competent authority with reference to the net amount of the loss.

90.4. All the cases of losses of stores received ex-India will be investigated and reported to Government for orders.

91. Powers for write off of Losses of stores

Losses of stores not due to theft, fraud or neglect and due to theft fraud or neglect may be written off by the authorities mentioned below to the extent of powers indicated against each:

Competent authorities	Loss of stores not due to theft, fraud or neglect. (in rupees)	Loss of stores due to theft, fraud or neglect. (in rupees)	Remarks
DGBR	5 lakh	1 lakh	Power will be exercised in consultation with IFA(BR)
ADGBR	1 lakh	30,000/-	Power will be exercised in consultation with IFA(BR)
CE	2 lakh	10,000/-	Power will be exercised in consultation with DCDA/ACDA/ SAO/AO
Cdr TF	15,000/-	Nil	Power will be exercised in consultation with DCDA/ACDA/ SAO/AO
OC Base Wksp	1,500/-	Nil	Power will be exercised in consultation with DCDA/ACDA/ SAO/AO
OC Store Div.	1,500/-	Nil	Power will be exercised in consultation with DCDA/ACDA/ SAO/AO
OC Base Depot	10,000/-	Nil	Power will be exercised in consultation with DCDA/ACDA/ SAO/AO
Comdt.GREF Centre	15,000/-	Nil	Power will be exercised in consultation with DCDA/ACDA/ SAO/AO

[Auth: Ref BRDB letter No.04/696/2007/BEA/21801/PC/DGBR/TPC, dated 27/11/2007]

92. Preparation and Disposal of Loss Statements

Loss Statements priced and completed in all respects, will be submitted to the competent financial authority, through the AO (P)/AO TF, for sanction. Courts of Enquiry proceedings, if any, as well as a statement of case, prepared in respect of those losses that are exhibited in the Appropriation Accounts will accompany each and every loss statement. The original copy of the loss statement will be signed by competent financial authority in ink and produced for audit in support of the relevant transaction in the store accounts. This will indicate the penal recoveries

made or to be made from the individual concerned or in case loss in transit, the amount of the claim accepted by the railway or other carrying agency.

93. Register of Losses

Units and formations will maintain Register of Losses on IAFZ 2161. All loss statements which require to be dealt with by the competent financial authority will be entered in the register as soon as they are prepared. This register will be scrutinized by the Internal Audit Officer during his periodical visit to the units/formations.

94. Subsidiary rules relating to Losses

94.1. The amount that will be shown on loss statement shall be the value of the stores lost in the case of actual losses and the estimated cost of repairs in the case of stores damaged or which are found to differ in condition from that under which they were held on charge.

94.2. In the case of vehicles or equipment involved in accident and being rendered unserviceable or requiring Base repairs by Base Workshop, the loss will be determined with reference to the depreciated value of the vehicle/equipment at the time of loss assessed by a Board of Officers convened to investigate the loss. In assessing the loss, the book value of the equipment at its expected life, its residual life and its condition at the time of occurrence of the accident will be taken into account. The actual loss to be regularized will be the depreciated value less the residual value, if any. The authorities competent to sanction the write off will be determined with reference to the depreciated value of the vehicle/equipment immediately before the accident.

94.3. In respect of all losses (except those due to accidents referred to in para 1067 BR regulation) the net value of the loss is to be determined after deducting recovery, if any, from the persons responsible, whether such recoveries are in the nature of penal deductions or otherwise. The authorities competent to write off the loss will, however, be determined with reference to the gross loss.

94.4. Losses of various classes of stores occurring in any unit due to one and the same incident/cause, e.g. theft, fraud, fire, explosion, etc., should be written off on one loss statement. If, however, the stores involved pertain to different units, separate loss statement will be required to regularize the loss in respect of stores held on charge of each unit. The competent financial authority should be determined with reference to the value of loss in each unit.

94.5. When on stock-taking, stores are found surplus or deficient, the surpluses after very thorough check must be taken on charge and the deficiencies dealt with under the order of the competent financial authority.

94.6. In units and formations where periodical stock-taking is conducted, the total value of the loss discovered on each particular occasion of check, irrespective of the time taken in checking the stores and irrespective of the categories of stores, will be treated as one transaction.

94.7. No financial adjustment of the amount of loss is necessary. The quantity lost will be charged off the ledger on the basis of loss statement. Any penal recoveries on account of theft, fraud or neglect will be adjusted as minus expenditure under the relevant head of account.

95. Loss of Public Money

95.1. The term 'loss of public money' includes in addition to cash proper:

- (a) Irrecoverable personal advances made to individuals no longer in Government service.
- (b) Overpayments of pay and allowances made to individuals no longer in Government service;
- (c) All other irrecoverable cash claims, recoveries of which would entail considerable hardship or present special difficulty;
- (d) Value of stores issued to contractors which, for any cause, there has been a failure to recover and the recovery of which would present special difficulty;
- (e) Losses due to expenditure on freight in respect of stores dispatched in error;
- (f) Losses resulting from dispatch of stores by other than the authorized procedure;
- (g) Irrecoverable debts of Units disbanded in accordance with demobilization orders;
- (h) Irrecoverable losses due to thefts and fraudulent use of Rly Warrants, Credit Notes or Rly Concession Vouchers;
- (i) Demurrage charges incurred due to negligence on the part of consignor/consignee.

[Authority: Rule 164 of FR Part-I, Vol-I Revised Edn 1993]

95.2. All losses of Public money shall be reported to Chief Engineers who shall order the assembly of a court of enquiry to investigate the loss.

95.3. Further action for write-off of the loss and for instituting suitable disciplinary/legal proceedings against the persons found responsible will be taken in accordance with the findings of the Court of Enquiry, as in the case of losses of stores.

96. Classification of Losses of Public Money

As in the case of losses of stores, losses of public money will be classified as:

- (a) Losses due to theft, fraud or neglect.
- (b) Losses due to other causes.

97. Powers for write-off for losses of Public Money

Losses of public money not due to theft, fraud or neglect will be written off by the authorities mentioned below to the extent indicated against each:-

Competent authorities	Loss of Public money not due to theft, fraud or neglect. (in rupees)	Loss of Public money due to theft, fraud or neglect. (in rupees)	Remarks
DGBR	1 lakh	50,000/-	Power will be exercised in consultation with IFA (BR).
ADGBR	30,000/-	15,000/-	Power will be exercised in consultation with IFA (BR).
CE	10,000/-	5,000/-	Power will be exercised in consultation with DCDA/ ACDA/ SAO/AO.

Note: Loss not due to theft, fraud or neglect in excess of the powers of DGBR and all losses due to theft, fraud or neglect shall be reported to DGBR for obtaining the sanction of Govt. of India.

[Authority: Para-1079 of BR Regns (Reprint 1993)]

Para 98 to 100 : blank

CHAPTER –V
General Principles of Local Audit

101. Issue of Audit Objection Statements

- 101.1. Objections and Observations arising out of audit should be written up concurrently with the progress of audit so that they may be recorded at a time when they can be most clearly and readily stated. The nature of the items objected to and the reasons for objecting to the expenditure will be briefly described but the objection should, as far as possible, be fully descriptive so as to obviate the necessity for any further reference to the vouchers or accounts concerned. It is not sufficient to quote the rule or the order violated. The actual or the possible effect of the deviation on the financial interest of government should also be explained intelligently.
- 101.2. All primary objection statements, which contain a proper (indisputable) statement of facts and a relevant reference to the applicable rules, will be signed by the Audit Team Leader. Items of doubtful character will not be incorporated in the objection statement as a ‘try on’ but will be placed before the Team Leader for orders before their issue and a few cases, when necessary, incorporated in a supplementary objection statement. Original objections will be reviewed and replies scrutinized by the Audit Team Leader whose action at that stage should be persuasive and aim at finality.
- 101.3. The undermentioned irregularity should be classified as ‘objections’ and money values should also be given in respect of them:
- (i) Unauthorised free issue of stores;
 - (ii) Stores issued in excess of prescribed scales;
 - iii) Stores issued to a unit or formation for which credits are not traceable in the accounts;
 - (iv) Fictitious adjustments and manipulation in accounts unless an actual loss has occurred.
 - v) Deviations from rules which are indicative of a disregard or evasion of rules but do not result in charges being incurred without proper sanction;
 - vi) Unauthorised use of government transport; and
 - vii) Irregular use of railway warrants/credit notes etc.
 - viii) Want of sanction to advances, losses, etc.
 - ix) Want of sanction of special charges (as for example sanction for a charged expenditure is awaited for long period which has not been received and adjusted within the financial year)
 - x) Want of any other specific sanction required by rule.
 - xi) Over-payment and short recoveries.
 - xii) Delays in the recovery of sums due to Government, if not recovered within a reasonable period which may be prescribed in respect of each class of debt.
 - xiii) Expenditure involving infringement of any of the canons of financial propriety.
 - xiv) Want of appropriation (Expenditure in absence of particular assignment to meet specified expenditure of funds at the disposal of assigning authority)

- xv) All transactions of stores relating to issues if not supported by issue vouchers;
- xvi) Issues on loan without recovery of any or higher charges which is not permissible under rules;
- xvii) Issues on loan without authority.

101.4. Instructions etc., of the following nature will be classified as ‘observations’ and given in red ink note. They will be entered after the objections. Money values involved need not be entered in the case of these ‘observations’. The following are examples of items which should be treated as ‘observations’.

- (i) A simple direction for future guidance or a call for a document, the absence of which is not likely to effect the admissibility of a charge;
- (ii) Delay in the submission of accounts or returns;
- (iii) Errors in accounts, vouchers etc., which do not indicate any deficit or surplus;
- (iv) Instructions and other remarks regarding the form of account etc.,
- (v) Demands for information not received;
- (vi) Enquiries and remarks in respect of doubtful points;
- (vii) Remarks calling attention to minor errors of procedure;
- (viii) A simple direction for future guidance or a call for a document, the absence of which is not likely to affect the amount admissible.
- (ix) Receipt stamp not affixed on a voucher otherwise complete.
- (x) Delays in the settlement of debts due to Government (but see clause (viii) of Para 706 of OM Part-II Vol-I);
- (xi) Delays in the submission of accounts, returns, vouchers etc.
- (xii) Deviations from rule which are indicative of disregard or evasion of rule but do not represent charges incurred without proper sanction.
- (xiii) Want of vouchers

101.5. If as a result of observations, any unusual or doubtful feature regarding an item is brought to light or the information or document considered essential for admitting an item finally in audit is not forthcoming such an item should then be treated as ‘objection’ and thereafter dealt with accordingly. Similarly, ‘office notes’ remained unsettled until the next visit should be embodied in the objection statement as objections or observations as the case may be. Objection statements on the store accounts of various units should be divided into separate section each relating to a particular group or section of the formation. The complete objection statement for the unit etc., as a whole must, however, be sent to the CE (P)/TF Commander/ OC Unit and the replies to the items be signed by the officer authorized to do so on their behalf.

101.6. Great care and tact should be exercised in the wording of the objections in the subsequent correspondence with the executive and administrative authorities. Objections and Observations should be covered in language, which is courteous and impersonal, so that no offence may be taken. The objections should be closely scrutinized by the AO (P)/AO TF.

101.7. Auditors deployed in local audit will raise all types of objections and the Internal Audit Officer will exercise his powers of waiving them, where appropriate. The Internal Audit

Officer will, however, keep vigilant eye on trivial and trifling objections and will ensure that the irregularities they waive are not of such a nature as would lead to fraud and misappropriation, etc. If such irregularities still persists in any unit, the matter will be reported to the PCDA (BR) through MFAI Report in the manner as mentioned in Chapter III of this manual.

Note: Items of financial advice will not be included in the objections statement but reported to the PCDA (BR) through their respective nodal agencies like CDA(BR) Guwahati/JCDA(BR) Chandigarh. A separate record will be kept of all items of financial advice tendered.

101.8 The office copy of the objection statement of rough notes (in which all objections and observations made during the course of audit should be recorded in ink) should be shown to the CE(P)/TF Cdr/OC of the formation concerned and the various items contained therein discussed either with him or with an officer detailed by him for the purpose. Every endeavor should be made to settle on the spot as many items as possible and the items settled on the spot should be marked in the objection statement as such, the reasons for the settlement being recorded therein. The signature of the CE(P)/TF Cdr/OC or the officer detailed by him in token of his having agreed to the reasons recorded therein for dropping an objection or observation should be taken at the foot of the objection statement. Unsettled objections will then be fair copied in the objection statement (IAFA-568) which will be issued to the CE(P)/TF Cdr/OC within a week of the completion of audit. Further remarks will be dealt with on IAFA-526.

101.9. The dispatch of the objection statement will be recorded in IAFA-579. A time limit should be given for replies to the objections depending on the size and nature of the objections statements. The maximum time limit allowed should not in any event exceed one month. If no satisfactory reply is received even after issue of timely reminders, the DCDA/ACDA/SAO/AO should not hesitate to bring the matter to the notice of the CE(P)/TF Cdr. to ensure quick replies.

Note: In respect of objection of very important nature or those involving a financial irregularity on the part of the unit etc., a special report should be sent by the Internal Audit Officer/AO(P)/AO TF to the PCDA(BR).

The objection statement duly replied to will be returned by the unit to the AO(P)/AO TF who will verify the adjustments etc. made as a result of the objection and will consider the objection for settlement, if falls within their powers.

101.10. No objection or audit observation will be considered to have been finally settled unless it has been adjusted, satisfactorily explained or specifically withdrawn.

101.11. The office copies of the finally settled objection statement together with notes of objections settled on the spot and the linked vouchers will be recorded separately in different jackets by the Internal Audit Officer and handed over to the respective AO (P)/AO TF.

101.12. The office copies of the finally settled objection statement over a year old and all records beyond should be listed in a register of records (IAF CDA-244) and kept in safe custody. On the expiry of period fixed for the retention, these would be disposed off in accordance with the provisions of para 521 to 524 O.M. Part-I.

102. RAISING/PURSUIT OF OBJECTIONS

102.1. (a) The detailed instructions contained in the preceding paragraph to this Manual will be observed scrupulously with regard to the raising of objections, maintenance of audit progress register etc.

(b) The audit progress register will be reviewed monthly by AO (P)/AO TF. In respect of co-located units/formations, they will keep constant watch on the position of outstanding objections, and replies to the objection statements dealt with as and when they are received. In the case of outstation units/formations, a list of outstanding objections/observations will be sent to the units/formations sufficiently in advance, requesting them to keep the replies to the outstanding items ready, to facilitate verification at the time of audit. In case of local as well as outstation units, particular attention will be paid to objections pending at unit level. Effective steps will be taken to ensure that the replies are not delayed, and prompt action is taken by the unit for regularization etc., wherever necessary.

(c) Before taking up current audit of units/formations, the AO (P)/AO TF will peruse the replies received from the unit authorities to the objections/observations relating to the previous quarters, and ensure during the course of audit that the defects/omissions pointed out earlier, stated to have been rectified/adjusted, have actually been rectified/adjusted to the satisfaction of audit. If not, it will be ensured that necessary action is taken during the period covered by the current audit. The Internal Audit Officer at the time of review/inspection of the accounts, will also discuss the outstanding objections/observations with the unit authorities with reference to the list of objections/observations which warrant discussion as already sent in advance to the units/formations concerned vide (b) above.

The audit function in BRO is being carried out by the audit teams constituted by the CDA (BR), Guwahati and JCDA (BR), Chandigarh by selecting the team members from other AOs (P)/AOs TF/CDA (BR) Guwahati/JCDA (BR) Chandigarh and at least two team members from the same AO(P)/AO TF whose audit is being conducted. AO(P)/AO TF is nominated as Team Leader. Single tier review system is adopted.

102.2. Internal Audit of Task Force/Project is carried out by the AO (P)/ AO TF as under:

- (i) LAP/LACR/IRCR/IRP will be forwarded by AOs (P)/ AOs TF for its approval from CDA (BR) Guwahati/JCDA(BR) Chandigarh. The AOs(P)/ AOs TF where they have

acute shortage of staff , staff from other AOs(P)/ AOs TF and CDA(BR) Guwahati/JCDA(BR) Chandigarh would be nominated in team by CDA(BR) Guwahati/JCDA(BR) Chandigarh.

- (ii) It will be a single tier review in which review will be carried out by concerned AO (P)/ AO TF as a team leader.
- (iii) The audit will be carried out on half yearly basis. The audit cycle being from April to September & October to March of each financial year.
- (iv) The categorization of audit objection will be as under:
 - Part-A: Serious irregularities with financial effect.
 - Part-B: Objections relating to departure from the procedures (Rules and Regulations).
 - Part-C: Objections of routine nature i.e. DO part II office Orders awaited acknowledgements awaited etc.

[Auth: Ref PCDA (BR) letter No.AT/BR/117/LA/Vol-IV/PC, dated :01/02/2010]

(v) At the time of preparation of executive summary and objection statement, the categorization as brought out above will invariably be carried out. The executive summary will be forwarded to main Office as well as to CDA(BR) Guwahati/JCDA(BR) Chandigarh. Copy of objection statement will be forwarded to CDA(BR) Guwahati/JCDA(BR) Chandigarh. Only Part-A objection Statement will be forwarded to Main Office.

(vi) Settlement of audit objection at various levels will be based on category of audit objection i.e.

- Part-A: To be settled by Main Office.
- Part-B: To be settled by CDA (BR) Guwahati/JCDA (BR) Chandigarh.
- Part-C: To be settled by respective AOs (P)/TF.

Note: However, as regards Objections categorized under part-C, the audit objections upto 6 months will be settled by the concerned AOs(P)/AO TF, upto two years by JCDA(BR)/CDA(BR) and objections remains outstanding for more than two years will be considered for settlement by PCDA(BR) New Delhi.

103. OBJECTION STATEMENTS

103.1. Objections and observations arising out of audit should be communicated at the earliest opportunity but only after recording the same in the Audit Progress Register as mentioned in para 77 above.

Note 1- The rules in this chapter apply generally to all objections arising out of audit whether conducted centrally or locally. Objections on internal audit should, however, be settled as far as possible, on the spot; only such objections as cannot be settled locally should be communicated through objection statements and recorded in the prescribed records.

Note 2- If the pursuance of an objection indicates the need of prescribing a new procedure for general observance, such procedure should be communicated by a general letter and not by any form or statement intended solely for the communication of objections.

Note 3- For objections on the score of infringement of any canon of financial propriety see para 39 Defence Audit Code.

[Auth: Para 697, OM Pt-II, Vol-I]

103.2. For an efficient review of objections and of the progress of their clearance, it is desirable to keep the objections of each official year separate even though their clearance may be effected in a subsequent year.

Note – In the case of progressive expenditure, an objection to excessive expenditure should be held to relate to the year in which it was first raised in audit, even though further expenditure may be incurred in a subsequent year.

[Auth: Para 698, OM Pt-II, Vol-I]

103.3. All records of audit objections maintained in the audit office must be written up with care and watched closely by both the SO(A)/AAO and the AO(P)/AO(TF). Objection once raised will not be removed from the records of objections except under the orders (and initials) of AO (P)/AO TF or authorized officer.

[Auth: Para 699, OM Pt-II, Vol-I]

103.4. As far as possible, the entry of an objections should be fully descriptive so as ordinarily to obviate the necessity of any further reference to the voucher or accounts concerned.

[Auth: Para 700, OM Pt-II, Vol-I]

103.5. The Principal Controller(BR) through CDA(BR) Guwahati/ JCDA(BR) Chandigarh is expected to keep a constant and careful watch over objections and to keep controlling authorities fully acquainted not only with individual cases of serious disregard of financial rules but also generally with the progress of clearance of objections; for the latter purpose all objections, the settlement of which is being unduly delayed, should be reported regularly to the authorities to which the units etc. against whom the objections have been raised are subordinate.

103.6. The adjustment of each individual objection should be watched through the prescribed records until clearance or withdrawal, as the case may be.

103.7. The Principal Controller (BR) should look to the AO(P)/AO TF or other concerned gazetted officer for the progress of adjustment and unremitting personal attention to this duty on the part of the above officers is indispensable.

103.8. When an objection once raised has been withdrawn, either on reconsideration or in the light of information which was not available previously, the units/formations to whom the objection was originally addressed should be informed forthwith, either through re-audit decision

or separately, as otherwise the units/formations remains unnecessarily responsible for taking steps to remove the objection.

[Auth: Para 704, OM Pt-II, Vol-I]

104. Money values of objections

In order to make a collective presentation of (i) the results of audit and (ii) the progress of clearance of audit objections, it becomes necessary to express the records of objections in money values, and for this purpose money columns are provided therein. There are, however, classes of objections which cannot be suitably expressed in money values, or which if so expressed, do not give an adequate or fair statement of the degree and extent of deviation from rule. It is permissible, therefore, to omit values altogether in certain cases; in other cases, where values alone are misleading, other particulars may be recorded in addition, or values may be dispensed with altogether.

Note- For purposes of monthly progress reports submitted to the C.G.D.A., only the items which are enumerated in para 706 OM Part-II Vol-I and such of the items under para 707OM Part-II Vol-I disclose unsatisfactory features and need further action are to be shown as outstanding.

Note: Money values need not be shown in respect of Internal Audit objection which cannot suitably or conveniently be expressed in terms of money values.

[Auth: Para 705, OM Pt-II, Vol-I]

Para 105 : Blank

CHAPTER- VI

Risk prone Areas of Internal Audit

106. Risk based Internal Audit

106.1. The growing awareness of the need for financial discipline and transparencies in transactions makes it mandatory that both the BRO Executives and Accounts Authorities in the Project/Task Force/RCC level are well conversant with the principles of financial management of jobs. The efficient financial management of the job not only ensures improved financial discipline but also leads to improved quality of expenditure and timely completion of jobs within the sanctioned amount and also without cost overruns.

106.2. Internal Audit, ironically, is generally perceived among the Executive circles as fault-finding tool contrary to the underlying spirit behind strenuous auditing exercises in a bid to act as complementary to the Executives in their **endeavour** to accomplish the goal and discharging responsibilities entrusted to them. Timely remedial measures on the part of the Executives are conducive to the pragmatic and healthy financial and accounting management of jobs in Projects and Task Forces.

106.3. The existing list of auditable documents given in **Annexure-23** to Para 791 BR Regs. is not exhaustive under the present working scenario in BRO. Hence the list *ibid* needs to be revisited and appropriate action taken to bring in certain area of works activities, hithertofore not subjected to audit scrutiny, within the ambit of Internal Audit in order to make the audit exercises more meaningful and result oriented.

106.4. Unlike Local Audit Officer (Army) who acts as dedicated Internal Audit Officer and Financial Advisor, the Accounts Officers in Projects/Task Forces have **manifold** functional responsibilities as Accounts Officer, Integrated Financial Advisor, and Internal Local Audit Officer. Since the BRO is expenditure centric, almost all proposals having financial implications from the Project/Task Force, are either routed through him or sent to him for eventual payment/concurrence. In the process, substantial portion of the accounts being maintained at HQ Project/Task Force/RCCs/BCCs etc. are screened/scrutinized in their respective Accounts Office. Only stores procured and their utilization on ground vis-à-vis expenditure involved in their procurement together with other relevant areas where co-relation exists need to be given Internal Audit coverage.

Attempts have been made to identify risk areas and accordingly, some of the areas /activities in Annexure 'D' have been highlighted which should be subjected to audit scrutiny during Internal Audit.

ANNEXURE 'D'

List of auditable documents, its necessity and audit procedure

Sl. No	Identification of risk area	Auditable documents to be maintained	By whom registers are to be maintained	Audit procedure to be followed
1.	In Project/Task Force, repeat orders for procurement of stores are placed to the original suppliers. In some cases R.O is proposed to split requirement so as to avoid sanction of the next CFA. (Para 914 BR Regs., Chapter 7 Para 7.13 DPM 2009 refers)	Register of repeat orders.	HQ Project/ HQ Task Force	See that (a) The Repeat Order and Option Clause had been suitably incorporated in the original Supply Order. (b) The items ordered have been delivered successfully. (c) The Repeat order has been placed with the same rate, terms and conditions of the Original Supply Order. (d) There is no downward trend in price in the market. (e) The proposal for R.O. is placed within six months from the date of supply against previous orders. (f) Repeat order is placed for only once. (g) Quantities are restricted to a maximum of 50% of Original Supply Order . (h) R.O. may be resorted to PAC/Single Vendor / OEM also . However, where multiple vendors are available, great care should be taken in exercising the option clause.
2.	Wherever revenue spending is in the nature of a project with diverse elements like civil works, manpower induction, testing/evaluation, erection and commissioning	Project monitoring register.	HQ Project/ HQ Task Force	See that (a) the physical progress of works is in consonance with those shown in the physical progress report being rendered by the executives to the GOI/HQ DGBR periodically. (b) the stores consumed/ utilized in the Projects

	<p>warranting synchronized action, formal structure must be put in place to review major physical and financial milestones with reference to PERT (Programme Evaluation and Review Technique) chart with a view to avoiding time and cost overruns. (Para 621 BR Regs. refers.)</p>			<p>matched with those shown in the job-wise periodical consumption of stores report.</p> <p>(c) the stores/materials/ deployment of manpower in the Project are in accordance with the items catered for in the relevant collation sheet to the technical sanction.</p> <p>(d) for financial progress, Monthly Expenditure Return/Construction Account/Monthly Progress Report/ Linear Progress Report is consulted.</p> <p>(e) PERT (Programme Evaluation and Review Technique) as approved by the Competent Authority is strictly adhered to.</p>
3	<p>Past experiences show that provision of liquidated damages is not incorporated in the supply orders being placed by the Project/Task Force. In some cases recovery towards liquidated damages is also not affected. Reasons for non invoking liquidated damages clause are also not recorded in writing by the CFA. This not only causes loss to the state, it also indicates the slow progress of the on going works. (Chapter 7 Para 7.10 refers)</p>	<p>Liquidated damages register</p>	<p>HQ Project/ HQ Task Force</p>	<p>See that</p> <p>(a) Liquidated Damages Register is consulted against each amendment to supply order whereby extension of time beyond delivery schedule as per original supply order is approved by the CFA.</p> <p>(b) Accounts Officer ensures that Liquidated Damages Register is produced to them alongwith proposal for extension of time.</p> <p>(c) the reasons for not imposing the liquidated damages are recorded.</p> <p>(d) each case towards recovery on account of liquidated damages is decided by the CFA on merits.</p> <p>(e) the rate of recovery on account of liquidated damages is correctly indicated in the supply order as per extent orders.</p>

				(f) The purchaser has recovered from the supplier LD including Admin. expenses equivalent to 0.5 % of the contract price of the undelivered goods for delay of each week or part of week subject to a maximum of 10% of the contract price of the undelivered goods.
4.	Deposit works are executed on behalf of autonomous bodies, semi-government, non-government bodies on receipt of cheque/draft of the estimated cost of works. In many cases, it has been observed that due to inadequate monitoring mechanism, the expenditure exceeds the amount deposited by the concerned agencies. As per extant orders, no expenditure should be incurred in excess of the amount deposited. (DGBR Technical Instructions No.21 & PCDA (BR) New Delhi Circular No.12 of 12 th Jan 2004 refers)	Register of Deposit Works.	HQ Project/ HQ Task Force	See that (a) The Adm. approval and technical sanction is accorded by the Competent Authority and Competent Engineer Authority respectively. (b) The approved amount is deposited into Bank /treasury in favour of PCDA (BR) New Delhi . (c) The requisite MRO on which the draft/cheque is deposited is adjusted by the PCDA (BR) New Delhi and TE & month of adjustment intimated to the concerned AO TF/AO (P) based on which the AO TF/AO(P) will monitor /watch the progress of expenditure . (d) The deposit works under execution against the deposited amount is reviewed on quarterly basis. (e) The financial value of the works undertaken does not exceed the amount deposited against the works under execution. (f) Appropriate action is taken by the works executing agency to obtain additional deposits from the agency concerned before the

				<p>fund made available is exhausted.</p> <p>(g) No works should be executed in anticipation of deposition of fund nor are further works allowed in excess of deposited amount.</p> <p>The Deposit Works Register should be devised suitably encompassing all the relevant details.</p>
5.	<p>As of now, no uniform policy/procedure in regard to the maintenance of revenue accounts is followed both by the Accounts Office as well as by the HQ Project/HQ Task Force. While conducting Internal Audit of HQ Project/Task Force, it has generally been observed that no occupation/ vacation returns are maintained or sent to the Accounts Office by the Executives for recoveries of rental liabilities even though BR Regulations provide for maintenance of such documents (Annexure-23 to Para 791 BR Regulation refers). In some cases, it has also been noticed that no register of</p>	<p>(1) Register of re-appropriation of buildings.</p> <p>(2) Register of buildings hired out to private individuals for commercial use.</p>	HQ Project/ HQ Task Force	<p>(1)<u>Register of re-appropriation of buildings.</u></p> <p>See that</p> <p>(a) In terms of Para 676 of BR Regns, sanction of the Chief Engineer/Task Force Commander for re-appropriation of buildings exists.</p> <p>(b) Sanctions are issued for a period not exceeding 9 months at a time.</p> <p>(c) Sanction of the GOI for re-appropriation entailing increase in scale or introducing a new practice has been obtained as laid down in BR Regns.</p> <p>Note: -Minor increases in scale upto 5 % of the authorized area, which are inevitable due to constructional reasons, will not require GOI sanction.</p> <p>(2) <u>Register of buildings hired out to private individuals for commercial use.</u></p> <p>See that</p> <p>(a) the Competent Authority has invited applications in the prescribed form through advertisements</p>

	<p>rentable buildings is maintained in Project / Task Force. Even Govt. buildings are allotted to the private individuals for commercial purposes without proper documentations by some of the Project/Task Force.</p> <p>Further no suitable documents are maintained in Project/Task Force showing reappropriation of buildings to single/married family accommodation. In Task Forces/RCCs, normally there is no provision of permanent living accommodation. The existing Govt. buildings are therefore re-appropriated to single or married accommodation by the Task Commander. Nominal rent and allied charges are recovered from the occupants and amount deposited directly into the Bank. The procedure that being followed causes financial losses to the state. It also becomes difficult for the Accounts Office to ensure that no local duty station HRA is</p>			<p>in print media/public notice published in local newspapers as well as pasted on office notice boards in the concerned HQ Project/Task Force etc., provided that publicity through local print media shall be mandatory.</p> <p>(b) no application is entertained which is not accompanied by earnest money deposit, the amount of which shall be equal to one month's license fee.</p> <p>(c) the notice specifies the number of shops to be allotted trade wise, the license fee fixed for each shop, the period of license and the norm for allotment. The applicant mention the kind of shops/trade, he/she is applying for in his/her application.</p> <p>(d) No change of trade is entertained during currency of the license. In exceptional circumstances, the change is permitted by the Competent Authority on payment of fees of Rs. 5000/- or more as decided by the Competent Authority.</p> <p>(e) No transfer of allotment is permitted except in case of demise of the allottee.</p> <p>(f) The allotment is given under license for a period of 3 years.</p> <p>(g) Trade license is obtained by the allottees from the concerned Municipal Authority etc. under the as per extant order.</p>
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	<p>paid to the occupants under the circumstances. (Para 676 BR Regs. Refers)</p>		<p>(h) The security amount equivalent to 4 months license fee is deposited by the allottee. Security deposit is refundable without interest on vacation of the shop.</p> <p>(i) License fee of the building is determined in such a way that the fee so fixed is not less than 10% of the total of the current market cost of land provided by the BRO plus Current depreciated cost of construction of the building. The cost of maintenance-cum-security services is recovered on pro-rata basis. The rent so fixed should be revised from time to time by a board of officers convened for this purpose. The periodicity of such revision should clearly be mentioned in the agreement.</p> <p>(j) On receipt of security deposit as specified above , the license fee agreement is executed with the allottee and physical possession of shop handed over to him. Thereafter, the licence fee due for each succeeding month will be deposited by the allottee in advance on or before the last working day of the preceding month.</p> <p>(k) the license is executed on stamp paper of appropriate value in prescribed form under these rules at the cost of the allottee.</p> <p><i>Note: (1) HQ DGBR may be approached to issue suitable guidelines to all the Projects/Task Forces on the above subject.</i></p> <p><i>(2) The procedure outlined above</i></p>
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				<i>have been taken from Defence Shopping Complexes (Maintenance & Administration) Rules, 2006 inserted as Addenda VI in Army Local Audit Manual Part I and II.</i>
6.	Estimated rates are often worked out in an adhoc, unprofessional and perfunctory manner, at times by extrapolating the price of the lowest capacity equipment or by applying a uniform yearly compounded escalation over the prices of similar equipment purchased few years ago. As estimated rate is a vital element in establishing the reasonableness of prices, it is important that the same is worked out in a realistic and objective manner on the basis of prevailing market rates, last purchase prices, economic indices for the raw material/labour, other input costs and assessment based on intrinsic value of the item etc.(Chapter 13 Para 13.1.1 DPM 2009 refers)	“Register of Estimated Rates” for conclusion of contract and placement of supply orders.	HQ Project/ HQ Task Force	See that (a) The provision for procurement of stores through contract or supply order exists in the relevant technical sanction of the Project or (b) Provision for construction of roads i.e. formation cutting, excavation of earth etc., construction of buildings/bridges through contract exists in the Adm. approval/technical sanction. (c) Periodical market survey as per extent orders is carried out by the Board of Officers. (d) The cost analysis of the similar nature of stores being proposed for procurement or works executed in the nearby locality by BRO or by other civil agencies is obtained and consulted for evaluation of the rate analysis done by Project/Task Force and reasonable rate fixed (e) Costing is done as per prevalent market rate and DBBR/SSR suitably adjusted to market price. (f) The contract/ supply order wise cost analysis is done. (g) Past experiences with reference to the similar

				nature of contract executed or store procured are applied while evaluating the cost analysis done by the Executive Authorities.
7.	CPLs both skilled and unskilled are not found deployed as per the inputs given in the collation sheet to the technical sanction of the Project under execution. At times, the CPLs are deployed arbitrarily on the jobs for which sanctions does not exist for such a deployment. In many cases deployment of CPLs is found to be in excess of authorization. (Section 13 Chapter-II of BR Regs. refers)	Register of CPLs.	HQ RCC/ HQ BCC	See that <ul style="list-style-type: none"> (a) Sanction of the Competent Authority for deployment of CPLs exists. (b) The area/sector where CPLs deployed are clearly indicated in the sanction. (c) The jobs against which CPLs employed are sanctioned by the Competent Authority. (d) The CPLs employed are strictly within the norms indicated in the collation sheet to the technical sanction. (e) The registers are periodically reviewed by the Second-in-Command Task Force. (f) The register is maintained area/sector wise. (g) The financial impact is indicated in the register. (h) The fortnightly/ monthly progress report on CPLs deployment is placed on record which should exhibit the total mandays utilize as per work diaries. (i) Reasons of excess if any deployment of manpower.

8.	<p>BD/SS&TC is the stock holder on behalf of CE(P) of all unserviceable CAT 'A' and CAT'B' stores, Obsolete Stores, PMs and Scraps Deposited by Units/Formns etc under the administrative control of CE (P). Though from Project level, quarterly report is submitted to HQ DGBR/BRDB, sometimes delay occurs in auction disposal process for the unserviceable stores comprising V/E/P etc. which further deteriorate the scrap value even after concurrence of Board of officers for Public auction, due to non completion of procedural formalities. (Section 3,Chapter-IV of BR Regs. Refers)</p>	<p>Auction register of unserviceable stores</p>	<p>HQ Task Force</p>	<p>See that</p> <ul style="list-style-type: none"> (a) Auction register showing the Tender Enquiry No, Lot Nos, Lot wise value, date of auction, and total value with details of MROs through which amount deposited is to be looked into audit. (b) The year wise outstanding lots which are still awaiting auction is also to be mentioned in the register.
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9.	<p>In BRO, execution of various jobs/works like Permanent works, Formation cutting, surfacing, re-surfacing and periodical maintenance works is carried out by RCCs with the help of Platoons under its command, supported by the manpower. V/E/Ps and stores placed at their disposal. Although various documents maintained by the RCCs are audited on half yearly basis but audit of consumption of Major constructional stores (job-wise) is not done since constructional store ledger is not considered as auditable document at the RCC level. During recent half yearly audit of RCC, it is observed that all the major constructional and other CAT "A"/ CAT "B" stores including contract materials are received from SS&TC/IESPL and accounted for in the respective store ledger and their issues are struck off the relevant ledger. Such issues are supported by bimonthly CIVs which</p>	<p>1) (i) Register showing sector/ area of responsibility under RCC. (ii) Year wise target vis-à-vis achievement registers.</p> <p>2) Major Constructional Stores Register (MCS consists Bitumen, Cement, LDO, Explosive, TMT steel, WI wire, Angle Iron, CGI Sheet, etc.)</p> <p>3) Other Constructional Stores Ledger.</p> <p>4) POL Consumption Register</p> <p>5) Job-wise Contract Material Register.</p>	<p>HQ RCC/ HQ BCC</p>	<p>1) (i) <u>Register Sector/area of responsibility under RCC:-</u> (ii)<u>Year wise maintenance /re-surfacing works target vis-à-vis achievement register:-</u> See that these registers are maintained at RCC level (E-2 section) in addition to existing Road Register showing</p> <p>(a) Total area. (b) Jobs /Area under execution through departmental works. (c) Jobs/Area under execution through contract on outsourcing basis. (d) Authorized periodicity of maintenance/re-surfacing. (e) date/year of last re-surfacing/maintenance work done as per target vis-à-vis achievement (f) Stretches where maintenance/ re-surfacing work is due to be undertaken during the last financial year but not done as per target. (g) Current years target vis-à-vis achievement (to be shown in percentage).</p> <p>Note:- (i) Separate pages to be opened for each job/area. (ii) Budget allocation and completion cost for works against (e) to (g) also to be indicated.</p> <p>2) <u>Major Constructional Stores Register(MCS consists Bitumen, Cement, LDO, Explosive, TMT steel, WI wire, Angle Iron, CGI Sheet, etc.):-</u></p>
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	<p>are prepared on the basis of Monthly Consumption Report of each jobs, It has been ascertained from the executives that the E-2 section of RCC prepares the MPR/Consumption Report on the basis of Work Diary. (Monthly) being maintained against the jobs by the Dets. and Platoons.</p> <p>Job/works estimates represents the probable cost of execution of the work and it is only Technical Sanction which forms the basic tool to ensure that the total cost of jobs completed remains within the permissible limit of sanctioned amount. During audit it is observed that in some cases, consumption of stores and utilization of manpower including booking of Proforma Expenditure is not commensurate with costed schedule of work/collation sheet. It is further observed that although expenditure during the F.Y. in respect of Jobs like re-surfacing and maintenance works remains within the</p>			<p>See that</p> <ol style="list-style-type: none"> (a) Consolidated ledger with separate pages are opened for each constructional stores. (b) Stores are transferred through TIVs. (c) Monthly summary is prepared showing opening balance, stores utilized/ issued, balance available (d) Job No. with T.S provision of MCS. (e) Monthly consumption of MCS for each Job/work with reference to work diary of platoon. (f) Total consumption of each item/each job including re-surfacing and maintain work at the time of completion of work. (g) Excess consumption if any, over the authorized limit for which RTS is initiated. (h) Any excess consumption beyond limit not covered under RTS is objectionable. (i) Consumption of stores is as per scales. <p>3) <u>Other constructional Stores Ledger :-</u> See that</p> <ol style="list-style-type: none"> (a) Stores being received from SS&TC/IESPL are taken on charge on RVs/CRVs. (b) Stores are issued on CIVs to the Dets./Pls. on the basis of demand note/indent. (c) Fortnightly consumption
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	<p>Budget Allotment in financial terms while stores/manpower utilized on the job are found to be on the higher side than what is catered for in the in the costed schedules/collation sheets.</p> <p>In Internal Audit, it is observed that Proforma expenditure is not fully adjusted/booked to jobs annually as per norms and thereby creation of artificial funds in the jobs is not ruled out.</p> <p>To detect all the above irregularities during internal audit, certain auditable documents/ Register as per Col.2 in addition to the existing reports and returns if maintained at RCC/Task Force level and included in the list of auditable documents would certainly make the transactions transparent and strengthen internal audit mechanism. (DGBR Technical Instruction No.18 & 22 refers.)</p>			<p>report is obtained from dets./PIs and reconciled with job-wise store ledger as at 2 (b) above on monthly basis</p> <p>4) <u>POL Consumption Register:-</u> See that</p> <ul style="list-style-type: none"> (a) This register is maintained in E-4 section. Or E-2 section in addition to Central POL ledger showing. (b) Job-wise T.S Provision and monthly consumption as per work diary and MPR. (c) T.S provision and consumptions may be checked as per detailed month. (d) Any excess consumption of POL beyond permissible limit is to be objected and regularization watched. <p>5) <u>Job-wise Contract Material Register:-</u> See that The contract material register is maintained in E-2/E-8 section showing</p> <ul style="list-style-type: none"> (a) Job No/CA No against which materials are received at site. (b) Separate pages for each material with job No./CA No. are allocated (c) T.S provision of materials in respect of relevant jobs exists. (d) Reconcile item wise monthly consumption with reference to fortnightly consumption
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				<p>report from Platoons/dets. is verified</p> <p>(e) The consumptions/issues are verified with reference to the work diaries.</p> <p>(f) Stores are issued with reference to demand notes/indents from Pls./dets.</p> <p>(g) Monthly summary is prepared against each job showing opening balance, store issued/consumed and closing balance.</p> <p>(h) Job/CA wise balance quantities of material lying at site with oldest date.</p> <p>(i) Total item wise quantities consumed upon completion of job and job/CA wise balance quantities of material lying at site with oldest date.</p>
10.	<p>It has been experienced that proforma /departmental charges are not proportionately booked against the jobs with reference to the provisions made in the Adm. approval/T.S.. This causes under booking of expenditure in the jobs. (DGBR Technical Instructions No.21 refers)</p>	<p>Job-wise proforma /departmental charges register</p>	<p>HQ Task Force</p>	<p>See that this register is maintained in E-5 budget section of Task Force showing</p> <p>a) Job-wise proforma/departmental charges as per T.S.</p> <p>b) Job wise monthly usage rate on V/E/P, clothing and departmental charges are booked with reference to the details furnished by the RCCs and CSU.</p> <p>c) Amounts being booked with reference to usages rate as fixed periodically by the Competent Authority. Usages rate is worked out on run/hourly basis</p>

				<p>as per the rate notified for various category of V/E/P by HQ DGBR from time to time.</p> <p>d) The amount is debited every month against the relevant job</p> <p>e) Expenditure on common service unit is booked proportionately on the jobs.</p> <p>f) Total annual amounts of booking is also to be cross linked with TE Register of AO's office and deployment report of V/E/P by Task Force/RCC.</p> <p>g) Census report of V/E/Ps is consulted to ensure that the V/E/Ps are not underutilized or kept idle.</p>
11	Where work has been abandoned or curtailed for any reason, the accounts of the Project should be completed immediately and expenditure incurred regularized under Govt. orders.(Para 674 BR Regs. Refers)	Register of curtailment or abandonment of work. .	HQ Task Force	<p>See that</p> <p>(a) The Adm. approval/T.S No. of the job is indicated.</p> <p>(b) Particulars of the works executed are mentioned.</p> <p>(c) Details of stores, utilized are mentioned.</p> <p>(d) Total expenditure incurred under different heads of account.</p> <p>(e) Stores lying at site are indicated item wise.</p> <p>(f) Reasons for curtailment/ abandonment of works are mentioned.</p> <p>(g) Action taken for regularization of the infructuous expenditure.</p> <p>(h) Sanction of the GOI is obtained.</p>

12.	As per existing instructions, Local purchase of CAT "A" spares for off-road V/E/Ps against NAC of TSS of field workshop is resorted by the field workshop but it is often seen that no suitable register in this regard is maintained. In absence of the register, the validity of procurement of such CAT "A" stores is not ensured in audit. (DGBR Delhi Cantt. Circular No. 54102/P/LP/DGBR/184/E4/INV(P&P) dated 24 th May 2002).	Register of local purchase for CAT "A" spares against NAC of TSS	Field workshop.	See that (a) CAT "A" spares for off-road V/E/Ps is resorted against NAC issued by Fd. Workshop. (b) The items are purchased against physically off-road and not for stocking purpose. (c) The items are not available in the TSS sections of the field workshop. (d) NAC is signed by OIC, TSS of the field workshop. (e) Items purchased are consumed against the same off-road V/E/Ps. (f) All such items are included in the next quarterly demand to store division. (g) All such supply orders initiated by OC, Fd. Workshop is countersigned by the Cdr.TF & all supply orders initiated by TF, Cdr. are countersigned by CE (P). (h) No such items will be procured under delegated power of CE (P).
13	In Project/ Task Force, petty minor works are often sanctioned under the delegated powers vested in CE (P)/TF Cdr.. As of now no suitable mechanism exists to monitor the progress or sustainability in audit of such sanction. (Para 557-A BR Regs. refers)	Register of petty minor works.	HQ Project/ Task Force	See that (a) The building stands in the R.T.M.B/R.P.M.B (b) That Fan is not sanctioned in the non-fan stations. (c) That before signing completion report Part 'A' and Part 'B' that the fans fitted are accounted for in the RTMB/RPMB and also in Fan and meter register. (d) That where the fans are already existing and fixed at the time of construction of the buildings, it should be ensured the ceiling fans

				<p>now being proposed are against the existing condemned one's or in addition. In case it is against additional requirement, the same should be covered under scale of accommodation.</p> <p>(e) That proposals for procurement of Charpoys need to be checked with reference to authorized strength of the unit vis-à-vis No. of Charpoys already procured and held as on date.</p> <p>(f) That exhaust Fans are authorized only in cook houses dining Halls etc. The same are not authorized in the Md ACCN/OTM ACCN.</p> <p>(g) That no petty minor works is sanctioned against a repaid but should be for original works.</p> <p>(h) That no false ceiling is being sanctioned in respect of cook houses, labour huts.</p> <p>(i) That proposal for toilets and bath-rooms should be supported with AE's.</p>
14	It is experienced that the works under Para 559 & 560 BR Regs. i.e. IRMD & SRMB are not properly monitored. Even in some cases, the expenditure against these works are allowed for months/years without proper sanction of the jobs. (Para 559 & 560 BR Regs. & PCDA (BR) New Delhi	Register of IRMD & SRMD	HQ Task Force/ HQ RCC/BCC	<p>See that</p> <p>(a) Funds have been allotted in the RE/BE.</p> <p>(b) Proper head of account has been indicated in the DGL.</p> <p>(c) The estimate is based on the signal & detailed report regarding invoking the Para 560 of BR Regs.</p> <p>(d) Financial limits laid down in the procedure PRO/VET-EST/o1 have been adhered to.</p> <p>(e) Rates of all the items of works are as per the SSR issued by the HQrs. DGBR.</p>

	Circular No. 12 of 12 th Jan. 2004 refers)			<p>(f) The item-wise amount of Part-II of the estimate has correctly been carried over to Part-I of the estimate and correctly summed up.</p> <p>(g) Credit on account of retrievable materials has been included.</p> <p>(h) Credit on account of stores available from hard rock excavation is given.</p> <p>(i) Following charges have correctly been levied.</p> <p>(i) Royalty and monopoly charges.</p> <p>(ii) Physical contingency charges @ 5 %.</p> <p>(iii) Quality control cell charges @ 1 %/0.1%</p> <p>(iv) Price escalation charges @ 7 % per annum (compounded annually only for SSR items).</p> <p>(j) Compensation/acquisition of land etc. is supported with the authority.</p> <p>(k) Following documents are attached:</p> <p>(i) Rain fall data.</p> <p>(ii) Certificate of contemporaneous records.</p> <p>(l) As far as payment is concerned against IRMD works under para 560 BR Regs., payment is allowed initially for a period of three months, provided the report under Para 560 has been rendered. If the AEs are not approved and Administrative Approval is not accorded within three months of the commencement of the</p>
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				IRMD works, see that no further expenditure is incurred/adjusted.
15	<p><u>Liability Register</u> :-Keeping in view to exercise proper budgetary control over expenditure, the DGBR had issued instruction to all Projects/Task Forces vide their letter No.22524/LIAB/95-96/DGBR/38/E5B, dated 27/12/1995 to maintain Contingent Liability Register and Firms Liability Register in the proforma given at Appendix-M & N of Technical Instruction No.21 . Liability Register is an auditable document and should be audited by the Local Audit Team during the cycle of Local Audit. In this connection please refer to CDA(BR) New Delhi Circular No.88 dated 1st July, 2005.</p>	Register of Contingent Liability Register & Register of Firm Liability	HQ CE(P)/HQ Task Force	<p><u>Job-Wise Contingent Liability Register:</u> Any commitment of expenditure like the placement of Supply Orders, placement of Works order to a contractor etc. is a contingent Liability. The cost of such commitment is noted as a contingent Liability in the Job-wise Contingent Liability Register</p> <p>This Register is to be maintained by the Executive under the supervision of AO(P)/AO TF .</p> <p>During local audit the Internal Audit Staff will see that :-</p> <p>(a) Contingent Liability Register has been maintained in the prescribed proforma as per Annexure-M of Technical Instruction No.21 issued by HQ DGBR.</p> <p>(b) That eventual updation has been made in the Contingent liability Register; e.g. as and when Supply Order Placed, WO against contract issued, AMC has been concluded, Copy of Supply Order placed under the power of CE(P) has been received, copy of DGS&D Supply orders have been received the same has been noted in the Contingent liability Register.</p>

				<p>(c) All the entries of contingent Liability Register have been verified by the AO concerned under his token signature in addition to concerned officer of Budget Section.</p> <p><u>Job-wise Firm Liability Register</u> :-On receipt of store ordered, service provided by the Supplier /Contractor the cost of these stores & Services is transferred to firm liabilities and noted in the JoB-wise Firm Liability Register till the payment is made to the Firm/contractors.</p> <p>During local audit the Internal Audit Staff will see that :-</p> <p>(a) Firm Liability Register has been maintained in the prescribed proforma as per Annexure-N of Technical Instruction No.21 issued by HQ DGBR.</p> <p>(b) That eventual updation has been made in the Firm Liability Register; e.g. as and when store received, service provided by supplier or contractor, proof of dispatch of stores procured through DGS&D supply order has been received the contingent Liability noted earlier have been transferred to the Firm Liability Register.</p>
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				<p>(c) Firm Liability on account of issue of Railway Warrants, Indent/Demand for Ration have been noted directly as Firm Liability.</p> <p>(d) The Firm Liability cleared from the Register by the AO concerned under his token signature only after making the payment/ necessary adjustment ;</p> <p>(e) That no firm liability is lying outstanding for an abnormal period of time without any specific remarks of Executives/AO concerned;</p> <p>(f) Test check will carried out to see that the figures appearing in the Monthly Liability Report tallies with that appearing in the Firm Liability Register and discrepancies will be put under Objection.</p> <p>(g) Job(s) allocation to various third party bills, CP Vouchers, PI Vouchers, Rly Warrant have been given in conformity with the Firm Liability Register.</p> <p>Note: Selected month for reconciliation of Liability Report with Liability Register will be the month selected by the Internal Audit Officer for detail Audit in the Selection Order.</p>
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16	Budget monitoring is one of vital and important area specially in HQ Task Force. In terms of para 576 of BR Regns the CE(P) is empowered to transfer fund between one Job to another within the same major head.	Register of Re-appropriation of Fund	HQ CE(P)/HQ Task Force	<p><u>During Local Audit it will seen that</u></p> <p>(a) No transfer is made to allot funds to a work not administratively approved.</p> <p>(b) No transfer is made to works which would have effect of exceeding the amount of its Administrative Approval/Expenditure Sanction beyond permissible limit;</p> <p>(c) No transfer is made between Projects(Jobs) for which Budget provision is made under different Major Heads of Account;</p> <p>(d) No transfer is made out of fund allotted to HQ CE(P),Base/Transit Depot, Base Wksp, Store Divisions, GREF Records & Centre and Liaison Cell.</p> <p>(e) No transfer have been made to a Project(Job) for which RAE has been initiated but awaiting sanction;</p> <p>(f) That expenditure incurred against a Job has not been transferred to some other Job in the name of transfer of fund. All such cases will be put under Objection.</p>
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17	<p>Land account of Defence Land under the management control of all the three services is maintained by Defence Estates Officer(DEO) and he is centrally responsible for acquisition, procurement, leased out/hiring out ,leased/hiring , transfer etc. in respect of Defence land . But , in BRO no such central agency is there ,as such HQ DGBR is responsible to discharge the duties of Defence Estates Officers through Chief Engineers functioning in specified area and responsible for maintenance of a consolidated and comprehensive account of BRO landholdings.</p> <p>Therefore it is felt that in BRO, HQ DGBR may be made to act as the Central Agency for maintenance of BRO Land Account & discharge the duties of a DEO in Boarder Roads Organisation. Accordingly HQ DGBR will maintain a Central Land Register for keeping a comprehensive & consolidated account of BRO land holdings which will be subjected to audit by Internal Audit Officer who will see the various points</p>	Central Land Register	HQ DGBR	<p>During Internal Audit it will be seen that :-</p> <ul style="list-style-type: none"> (a) The Register has been maintained in the prescribed proforma ; (b) Specific area of land, station , value at the time of acquisition, date of acquisition have been noted; (c) That specific sanction of CFA has been obtained for each case of acquisition of land; (d) That purpose of acquisition has clearly been mentioned; (e) Details of used and un-used land have been clearly shown ; (f) Annual Census of the land holdings by BRO has been carried out; (g) Annual appreciation of land value have been carried out by a Board of Officers and noted in the Register in the column provided therein; (h) Revenue realized through hired out BRO land has correctly been accounted for; (i) Encroachment, if any had been brought to the notice of HQ DGBR through periodical reports/returns by the CE(P) and remedial action has been taken by the HQ DGBR; (j) Specific area of land reportedly under encroachment and litigation has been shown in the Register; (k) Specific sanction of appropriate CFA has been obtained before
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	as mentioned in the last column.			<p>transferring the BRO land to other Central/State Govt. Organisation as well as third party;</p> <p>(1) In case of BRO land leased out/hiring out and leased/hiring , specific period and rate(s) have been mentioned .</p>
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Para 107 to 110:- Blank

CHAPTER – VII

Asset Audit

Section –I : Audit of Vehicles, Equipment, Plans(V/E/P),Machineries etc.

111. Use of vehicles:-

The following points should be kept in mind in conducting Internal Audit of vehicles:-

- (a) Optimization of usage of three-tonner and small vehicles where the former is diesel run vehicle and latter is petrol driven.
- (b) While hiring transport the availability of idle transport in the Project/Task Force must be a key factor.
- (c) Attachment of vehicles to the nearest kerb side pump, for the purpose of drawal of fuel.
- (d) Scope for clubbing of routes and avoiding the number of transport for detailment of school going transport/collection of rations etc.
- (e) Scope for enhancement of KPL by engine fine tuning as is accomplished on the civil side. It is not necessary that KPL should always show downward revision.
- (f) Where vehicles perform routine duties which can be avoided, scope for attachment of the vehicle or adoption of an alternate and equally effective system, as would result in avoiding unnecessary detailment of vehicle resulting in possible financial savings should be studied.
- (g) Revision of Hire Charges corresponding to increase in fuel rates notified by the Govt. on a standardized formula.
- (h) Review of downward classification of vehicles and disposal of Class V vehicles.

Further it will seen in audit that –

- i. V/E/Ps, on receipt are accounted for in ledgers maintained in Base Depot/SS & TC.
 - ii. Issues of V/E/Ps to Task Forces are made on the orders of the CE (P). Such issues will be struck off charge in the ledger on the basis of issue vouchers.
 - iii. On receipt of the V/E/Ps in the Task Force and other units/formations, these will be accounted for numerically in ledgers maintained by them.
 - iv. Usage rate as laid down for individual sectors or areas for each type of V/E/Ps by the DGBR as per para 938 BR Regulations, are considered in making adjustment in the accounts of the Project for the use of the V/E/Ps.
- (i) The amount to be adjusted against the Project/Job on which the machinery, vehicle etc. are utilized will be worked out hourly/run for the period of actual use on the basis of the usage rates, from the date of receipt of the machinery etc. by the Task Force. For equipment which have completed their prescribed life but are still in use, usage rate may be levy at the normal rate.

Note: Further, as per the para (f) of Min of Transport; Deptt of Surface Transport letter no. F.200(40)/BRDB/67-PC67832/CCC/21-23/DGBR/E4(Tech) dt.13/01/1986, Usage Rate at 1/8th of the 'Normal Rate' should be charged for the idle period of the equipment i.e. norm for annual utilization less the period of actual utilization. To facilitate timely booking the adjustment may be made monthly on a proportionate basis.

- (j) The construction accounts of the Project/Job will be debited every month proforma with the amount arrived at as above.
- (k) The cost of running/operation of the equipment such as the pay and allowances of crew, the cost of the fuel and expenditure on first maintenance will be debited direct to the project on the basis of actual cost.
- (l) Adjustments in accounts will also be made on the basis of hourly usage rates when machinery and equipment are utilized on maintenance services.
- (m) The dates on which the machinery and equipment are taken on or taken off maintenance services shall be notified in Part X orders.
- (n) In the case of bridging, the cost of equipment bridges launched shall be debited to the project concerned on a proforma basis;
- (o) When the bridges are delaunched and taken to stock, the cost of the bridges will be assessed and credited to the original project on proforma basis. When, however, bridges are delaunched after completion report (part A & B) has been rendered for the Project, on further adjustment in accounts will be necessary. In such cases the cost of delaunching will be debited to the estimate for permanent bridges if any in replacement for temporary bridges; otherwise where a simple retrieval is involved, a separate estimate will be sanctioned for the purpose.

112. PROCEDURE FOR AUDIT OF ATTACHED VEHICLES

Under the existing instructions, MT vehicles are attached from one formation/unit to another formation/unit under the orders of various competent authorities on temporary or long term basis. As per existing procedure, the responsibility for getting the audit done in respect of vehicles lies with the parent units. The non-accountability of the user units has therefore, resulted into enormous problems being faced by the parent units with regard to settlement of audit objections. Some of the objections have been carried forward for years for want of specific replies/details from the user units which are essential for speedy settlement of the objections. More often than nor, the parent units find it problematic to justify the duties/kilometers covered by the vehicles as, neither the unit nor the Internal Audit officer carrying out the audit, are in a position to appreciate the circumstances under which the duties have been performed. Hence to achieve the desired objective of speedy settlement of audit objections, the user units will be responsible for audit of the attached vehicles and subsequent settlement of objections for the period of attachment. The procedure to be followed henceforth for the audit of attached vehicles will be as under:-

- a) Formations/units to which the vehicles are attached for a period exceeding one month will be responsible for the audit of these vehicles for the period of attachment. Any objections pertaining to the period of attachment will be settled by the user units.

b) The user unit will open a new car diary and kilometer card in respect of attached vehicles which will be forwarded to the parent unit duly completed and audited within three months of reversion of vehicle to the parent unit.

c) The parent unit will float an issue voucher in duplicate to the user unit for the POL issued to the vehicle at the time of its dispatch. The issue voucher will also have an endorsement of balance POL lying in the vehicle tank, kilometer reading and the target KPL as per the vehicle log book. Two copies of the ibid issue voucher will also be sent by the parent unit to their Internal Audit Officer duly quoted with authority for the attachment. Similarly, on reversion of the vehicle to the parent unit, the user unit will forward two issue voucher each to their Internal Audit Officer and the parent unit indicating the details of POL issue, balance POL in the vehicle tank. Kilometer reading and the target KPL.

d) In case of attachment for less than one month, the car diary of the attached vehicle will be completed by the user unit for the meterage down and POL issued during the period of attachment which would be attested by an officer of the user unit before reverting the vehicle to the parent unit. If possible the audit of such vehicle will also be got done by the user unit before reverting the vehicle to the parent unit. The audit of such vehicle will also be got done by the user unit otherwise the same would be done by the parent unit. However the user unit would still be responsible to clarify all queries which may be raised by the audit authorities of the parent unit regarding use of the vehicle during its attachment period.

e) All the expenditure involved following detailment of the vehicles on loan/attachment basis against the job/Project by the consignee unit/formation shall be debited against the relevant job at usage rate.

In addition to the above, the Internal Audit Officer will see that:

- 1) The V/E/Ps are put on service to the optimum level.
- 2) The output generated is correctly recorded in the work diary of the relevant job.
- 3) The log book of the V/E/Ps is maintained properly.

113. V/E/Ps REMAINING IDLE WITH UNITS/ FORMATIONS

A register for V/E/Ps lying off road/unutilized for more than three months should be maintained in units/formations under the supervision of responsible officer. As per the format given in Annexure 'A' to this chapter. The register will be auditable document.

Internal Audit Officer will see that:

- 1) The particulars of V/E/Ps remaining idle have been brought to the notice of CE (P) /Comdr. TF.
- 2) The reasons for non utilization of the V/E/Ps are recorded in writing.
- 3) Action taken to put the idle V/E/Ps on road should be recorded in the register.
- 4) The financial effects for non utilization or idling of V/E/Ps.

Internal Audit Officer will bring to the notice of the PCDA (BR)/JCDA(BR)Chandigarh/CDA(BR) Guwahati of all such cases along with a comprehensive report.

Annexure 'A'

Nomenclature of V/E/Ps	V/E/Ps nos./ chassis no.	Date of procurement	Date of commissioning	Cost of the V/E/Ps	Total kms/ hours run	Period of off road	Reasons of off road of the	Action taken to rectify the defects	Present status

114. HIRING OF TRANSPORT

1) Transport may be hired from the civil sources under the following conditions as specified, i.e.

- a) When no service transport is available locally.
- & b) When no hired transport contract agreements exist.

115. Procedure for Hiring and Documentation

The following procedure will be adhered to while resorting to hiring of transport from civil sources on adhoc basis:

a) It will be ensured that the transport of the requisite type is not available in the Project and no transport contract agreement with the private parties/Govt. Transport Department also exists.

b) On receipt of approval from the CFA, the hiring unit/fmn will call for quotations (minimum three) from various transport supplying agencies and the hiring will be done through a board of officers at competitive rates.

c) A comparative statement of rates achieved will be attached with the hiring documents alongwith the prevailing rates fixed by the state transport authorities. The rates recommended by board of officers after the above tendering action could be made applicable on a monthly, quarterly basis if the retendering is neither considered desirable nor feasible in case of each and every transaction. However, it will be ensured that the rates are most economical and to the best advantage of the state.

d) The details of civil vehicles hired, names of suppliers, loads carried, locations between which the transport has been utilized and the amount paid in each transaction will be summarized in the register of hiring transport duly authenticated.

116. Financial Powers for hiring of Civil Transport

116.1 Sanctioning authorities and financial limits for hiring civil transport in a single transaction are as under:-

Object on which expenditure may be sanctioned	CFA	Existing financial powers	Revised financial powers	Remarks
Hiring of Transport and Plant/Equipment from Govt. Deptts/PSUs/Private Parties	DGBR	Full power but not exceeding 6 months	Full power but not exceed 6 months	Power will be exercised in consultation with IFA (BR).
	ADGBR	NIL	□ 50 lakh (not exceeding 3 months)	Power will be exercised in consultation with IFA (BR).
	CE	Upto `5000/- on each occasion	□ 2 lakh (not exceeding one month)	Power will be exercised in consultation with DCDA/ACDA/SAO/AO.

Authority :- Sl No.50 of Annexure-I to Border Roads Development Board letter No.BRDB.04/696/2007/BEA/21801/ PC/DGBR/TPC dated 27th November, 2007.

116.2 Where more than one supplier is involved, the transaction with each supplier will be treated as a single transaction. If, however, one item of transport is to be hired from more than one supplier, the aggregate value of all orders of that item placed on a particular date will be taken together, for determination of Competent Financial Authority.

Section-II
BRO LAND HOLDINGS AND UTILIZATION THEREOF

General

117. Land acquisition is the prime requirement of a project. In case, it is not handled properly and in time, the project itself may get jeopardized at a later stage facing lot of litigations and complications.
118. A huge amount is being invested in the development of highway systems. A large portion of this expenditure is incurred on land for the acquisition of needed right-of-way for roads as well as for establishing units and camp sites. In the past, the activities of BRO were mostly in the remote virgin hills where acquisition of land did not pose much problem, but now there is more strain on available land due to various developmental activities. Moreover, BRO has expanded its activities and is taking up the construction of state sponsored roads, NHs, Airfields, etc. in other plain, urban and built-up areas where land cost has gone very high. Even in remote hilly areas, the acquisition of land has become a major problem due to ecological and social restraints. This dictates a careful approach in the selection of the right-of-way sites to minimize costs of acquisition, speedy action to acquire land and to pay the due compensation for the land.
119. Land acquisition for Road Project is a time consuming process because of civil laws & rules and involvement of numerous procedures which vary from state to state. Moreover, litigations and different types of influences also play vital part in this case. It is, therefore, pertinent that the process should start earnestly at the beginning of the Road Project itself and proper liaison is kept at all levels by the appropriate authorities for its expeditious finalization in time.
120. Every state has the legal authority to acquire land for highway purpose by acquisition, transfer, gift, purchase and other procedures prescribed under the law of the state. The law contemplates that the owner shall be paid just compensation. It also provides proper safeguards to protect the property rights of every citizen/institution.
121. Every state has passed legislation authorizing the state revenue or other authorities to acquire necessary right-of-way for highway purposes. While the procedures for acquisition vary from state to state, every jurisdiction/authority provides certain standards and procedures in exercising the authority. These legal procedures, local statutes and governing policies will be obtained and properly documented by the HQ Border Roads Task Forces and a schematic plan will be prepared to regulate the progress of the land acquisition. A Standard Operative Procedure (SOP) will be prepared by every Project Chief Engineer and copy forwarded to all TFs including HQ DGBR for easy workable references.
122. The land acquisition procedure varies from state to state. The HQ Task Force will co-ordinate with the state authorities and issue the standing orders for the preparation and progressing of the land cases covering legal and procedural requirements.

123. There are two provisions of land acquisition (i) by normal method (ii) under emergency powers of the state. In either case, HQ Task Force will project their demand to the local state Govt. Authority i.e. District Collector/Land Acquisition Officer. However, the authority for categorization rests with the state.
124. The revised classification and nomenclature of roads with BRO will be as under (Refer T.I No. 1-Revision 1991) :-
- a. National Highway (NH)
 - b. State Highways (SH)
 - c. Major District Roads (MDR)
 - d. BRO Class 9 (N) Roads (generally conforming to IRC Other District Roads (ODR))
 - e. BRO Class 5 (N) Roads (generally conforming to IRC Village Roads (VR)).

Internal Audit Officers will see that :-

- (i) The work has been included in the BRDB programme.
- (ii) The job has the administrative approval or the Go-Ahead sanction of the competent authority.
- (iii) Necessary funds are available for the work and for the payment of the compensation.
- (iv) The design/drawing of the job is approved with final definition of the land requirement.
- (v) The project has the environmental clearance.
- (vi) Ownership of land has been ascertained i.e whether the land belongs to the Central Govt., State Govt. Reserved Forest or of private parties.
- (vii) Collector/Land Acquisition Officer has intimated the amount of land compensation to be paid.
- (viii) Cost of the land is finalized based on the prevalent rates of the type of land. It also includes other elements like trees, crops, buildings etc.
- (ix) The amount as intimated/worked out is a just /reasonable compensation. In case the compensation is considered to be unreasonable/very high, the matter is taken up with higher authorities such as Revenue/Home/Chief Secretary of the State for review through personal liaison at the level of CE/TF Commander, if necessary.

- (x) Land is taken over before commencement of work so as to obviate any hold up and time/cost over run on account of the delay.
- (xi) No payment is made to any party or land owner. It is paid through cheque to Internal Audit Officer for disbursement.
- (xii) After payment of the land compensation, the land is officially taken over by RCC on behalf of BRO. It is done physically on the ground by proper marking or pegging of the boundary of the acquired land.
- (xiii) The Revenue Records held with Civil/Revenue authorities including village Amin/Patwari, have been amended to show the ownership of land by BRO and copies of the same have been obtained so as to obviate disputes/allegation/false claims at a later date.
- (xiv) The land handed over to BRO has been transferred by RCC to the road map with correct demarcations of the boundary lines duly signed by the Internal Audit Officer /Collector and BRDB Representative. A copy of the road map has been submitted by RCC to TF for record.

125. MAINTENANCE OF REVENUE ACCOUNTS

1) This register will be an up-to-date and a permanent record of all rentable buildings including huttet or temporary accommodation. Separate register will be maintained in respect of the following categories of accommodation :-

- a) Government owned buildings.
- b) Hired, leased and requisitioned buildings.

2) The above register will contain the following information :

- i) Building no. and location.
- ii) Classification as approved by the Quartering Committee.
- iii) Monthly assessed flat licence fee;
- iv) Monthly licence fee in respect of hired buildings.
- v) Whether furnished or unfurnished and if furnished monthly hire charges for furniture; and
- vi) Whether metered or non-metered in respect of electricity and water.

126. SHOPPING COMPLEXES

1) **Advance payment of License fee:** On initial allotment, the allottee will be required to pay two months license fee in advance within 30 days of issue of allotment letter. On receipt of advance, the license agreement will be executed with allot tee and physical possession of shop handed over. After the expiry of the first two months, the monthly license fee shall be payable in advance before the last working day of the previous month.

2) **License agreement:** The agreement will be executed on stamp paper of appropriate value in prescribed form at the cost of the allot tee.

3) **Deposit of income :-**

- i) The shopping complexes where building assets have been created from non-public funds or welfare fund of the unit/formation and the land belongs to Border Roads Organisation, 50% of the net revenue generated shall be credited to the Central Government Treasury and the balance 50% to the Regimental Fund/Welfare Fund of the respective unit/formation concerned.
- ii) In the case of shopping complexes created by re-appropriation of government building, 100% of net revenue will be credited to the central government treasury.
- iii) In the case of shopping complex created by constructing assets using non-public funds as well as re-appropriation of government building (mixed complexes), 100% of net revenue will be credited to the central government treasury.
- iv) The amount due to the central government on account of license fee, maintenance etc. shall be deposited by the unit/formation managing the complex within 48 hours in the government treasury by way of MRO.
- v) The amount so deposited will be treated as a provisional payment which will be further fine tuned after audit of accounts of expenditure and receipts.
- vi) The accounts, cash hand stores of the shopping complex will be subject to the post audit by the PCDA(BR)/CDA(BR)/JCDA(BR) Chandigarh through AO(P)/AO TF every quarter. The audit fee as determined by PCDA(BR) will be payable by the unit/formation authorities.

Para 127 to 130:- Blank

Chapter –VIII : Human Resource Management

131. General

131.1 BRO is a departmental road construction agency who has been assigned the task of road construction, both for meeting civil and military requirement, the chief utility of BRO is for construction of strategic roads, for use of defence services in border areas. The BRO is work charged organization hence the pay and allowance of officers and personnel up to the task force level is debitable to jobs.

131.2 The authorised manpower of BRO is as under:

<u>GROUP</u>	<u>GREF</u>	<u>Army</u>
A	980	556
B	363	00
Sub-ordinate	37748	2999
Pioneer	10000	--

Besides above there are 90000 Casual labourers which constitute the major work force of BRO. The requirement of labour for the construction site is not constant and it keeps varying with the level of specialisation, deadlines, nature of work, and percentage of completion amongst other factors.

In certain areas, casual personnel may with the prior approval of DGBR be imported in to projects sites from outside areas. These are called Imported Casual Personnel Labour (ICPL).

Since Border Roads Organisation is a work charged organization as such all expenditure including Pay & Allowances of GREF Officers/Personnel and Army Officers/Personnels are debitable to the respective Jobs as per actual deployment of human resources, vehicles, plant and machinery and consumption of stores .As such scale audit of human resources with reference to authorization of manpower,V/E/P & funds vis-à-vis physical/financial progress of each ongoing Job is a ‘**thrust area**’ which comes under the purview of Internal Audit Officer.

131.3.Scale Audit

During Internal Audit it will be seen that :-

- Total number of officers shown on the posted strength is as per authorization for the particular BRO Unit/formation;
- Authorization made is commensurate with the assigned target and allotted budget;
- Scope for booking of pay & allowances of posted strength of GREF officers/person and Army officers/personnel are available against the ongoing Jobs/assigned target as well as budget allotment provided during the financial year;
- That no excess booking of Pay & allowances has resulted from posting/ deployment/ attachment of more human resource beyond the scope of the work ;

- (e) That quality of work has not been compromised/delayed during the execution of Jobs due to less-deployment/non-posting/shortage of human resource ;
- (f) That no Job is over burdened due to deployment of excess human resources or excess posting of human resources in a BRO Unit/formation.

[Note : Excess posting over authorization/beyond the scope of Jobs coming to the notice of the Internal Audit officers will be immediately brought to the notice of higher authority so as to raised the issue upto level and action to get the excess officers/personnel posted out]

131.4 The following are audit checks for CPLs & ICPLs: -

Employment of CPL (Checks)

During local audit it will seen that :-

- i) Casual personnel should not be below the age of 18 years w.r.t school certificate, birth certificate or medical certificate issued by AMA;
- ii) That relevant documents such as age proof Certificate , proof of being Indian citizen, permanent residential certificate, Pass port size photograph, relevant documentary proof of dependants/NOK duly authenticated by a civilian gazette officer and bio-data have been obtained prior to engagement and complete particulars regarding name, father's name, age, permanent address and NOK has been mentioned in the enrolment form;
- iii) That he is employed on daily or monthly rates of wages;
- iv) The period of their engagement does not exceed maximum period of six months at a time;
- v) No privileges of continued employment under Government has been allowed to CPLs.
- vi) No terminal benefits are paid at the time of discharge;
- vii) Daily Pt-II orders have been notified for recruitment of the labour by RCC.
- viii) Injury benefits are regulated in accordance with Workman Compensation Act (Now Employees Compensation Act), 1923. Personnel employed in other area outside India will be paid compensation under the above Act in the same manner and to the same extent as if injuries are sustained by them in India, payment in these cases shall also be made on an ex-gratia basis.
- ix) Thumb impressions are checked by forensic experts periodically on a random basis.

131.5 Amenities (Checks)

- (a) Free transport is provided on initial engagement from rear/place of recruitment to the place of work. No other allowance is paid for the period of transit. The personnel may be provided free transport for moves within project site. The period involved in such journeys will be treated as duty, but , no other allowances will be payable.
- (b) No rations on payment is issued for dependents of CPL;
- (c) Clothing are issued on payment under the orders of CE to the following extent only if feasible: -

- (I) Water proof: One per individual where rainfall in heavy
- (II) Blanket: One per individual below 5000 ft
Two per individual above 5000 ft
- (III) Jersey P/O: One: Per individual above height of 10000 fts
Cape Comforter: One
Pair of Gloves: One

[Note: The rates at which cost of the items referred above will be recovered from the personnel will be notified by the DGBR from time to time.]

- (d) See that shelters have been provided under the orders of CE made of cheap materials locally available or used tents tarpaulins only if the labourers have to work at considerable distance from their houses and if the climatic conditions so warrants;
- (e) Rations issued on payment are as per scales laid down in Para 506 of BR Regulations and priced at payment issue rates/procurement rates plus 5 percent to meet incidental expenses. The scales are as under :-

Item	Grams per day per head
ATTA	600
OR ATTA	200
RICE	400
DAL VARIETY	110
SALT	20
SUGAR	35
TEA	7
OIL HYDROGENATED	45
K. OIL	100 MILLILITERS PER HEAD PER DAY
Milk powder	10
Or Milk tinned	30 per head per day

- (f) The following additional items of clothing may be issued on payment to the personnel employed at places over 10,000 ft. high.
- (i) one jersey pullover
 - (ii) one cap comforter
 - (iii) one pair gloves

[Note: The rates at which cost of the items referred above will be recovered from the personnel will be notified by the DGBR from time to time.]

131.6 Medical facilities:-

During local audit it will be seen that :-

- i) Free outdoor/indoor medical treatment is provided only in respect of injuries sustained by them at work
- ii) Free transport has been provided only for removal of urgent cases to the hospital;
- iii) Free indoor treatment where provided does not exceed 15 days ;
at a time such facilities are not available in Civil Hospitals & diet charges @ ₹ 2.00 per day have been recovered;
- iv) The indoor treatment has been provided only in areas where the personnel of the General Reserve Engineer Force are allowed Special Compensatory Allowance & diet charges @ ₹ 2.00 per day have been recovered;
- v) In the event of death of a labourer while in service expenditure not exceeding ₹ 500 is incurred on funeral.

131.7 ICPLs (Imported labourers from other places)

In addition to checks provided for local CPL, following additional checks are exercised: -

- (a) Cost of second class railway warrant for onward journey has been recovered in 3 equal installments;
- (b) Out of pocket expenses paid @ Rs 120 each at the time of recruitment, is recovered from the first payment due to individual;
- (c) Return journey free single second class railway warrant is issued limited to 1700 Ks only in cases where CPL has worked for six months (four months & above at the discretion of CE in case of ICPL deployed in 15 BRTF, 753 BRTF & 763 BRTF)
- (d) Unserviceable items of clothing are issued free based on the orders of CE to the extent of following: -

- | | | |
|-------|-------------------|--|
| (i) | Cape water proof- | One per individual in area of heavy rainfall. |
| (ii) | Blanket/Rajai- | One per individual at places below 5000 fts altitude and
Two per individual at places above 5000 fts altitude |
| (iii) | Jersey Pullover- | } At a place above 10000 fts height |
| (iv) | Hand Gloves- | |
| (v) | Cap comforter } | |

Any additional items of U/S clothing are issued to them on payment of 10% of stock book rate.

(vi) Bukharies @ 1 bukhari for 15 ICPL working at height of 8000 ft and above and K. Oil is issued not more than 4 ltrs per bukhari per day free of cost.

(e) Ration is provided at the subsidized rates @ Rs 115/- per month on payment except for the first month which may be issued on credit, recoverable from wages in two instalments.

(f) The casualties such as appointment, issue of railway warrants, payments of pocket money, desertion and completion of six months service are notified in DO Pt-II Order by RCCs.

131.8 Payment of wages bills (checks)

Wages bills are paid on Muster Roll. The Muster Roll as its name denotes, is a nominal roll or list of labourers employed daily on works. There is generally a separate roll for each work. A central record of all Muster Roll sanctioned will be maintained by the AO. Muster Roll will be closed monthly and will be submitted to AO for check. After audit by the AO these will be paid from the cash assignment.

- (a) Whether the wages have been fixed by CE in consultation with civil authorities.
- (b) Whether the wages are not less than minimum Wages Act-1948.

- (c) Only one day rest has been allowed with wages in every period of seven days on having worked for six days continuously.
- (d) Paid national holidays (26th Jan, 15th August and 2nd Oct) are allowed only if the CPL was on service on preceding and succeeding working days.
- (e) In case of initial engagements wages admissible from the date they arrive at the place of work even if moved from rear base earlier.
- (f) Total strength on a day does not exceed that of sanctioned strength for the particular jobs/work even if moved from rear base earlier.
- (g) No. of personnel shown in Muster roll tallied with those shown in the DLRs (Daily Labour Reports)
Check list attached to the wages bill may be perused for above checks.
- (h) That these are no overlapping or smudging of thumb impressions
- (i) Attendance of the labourer has been checked weekly by Platoon Commander & monthly by OC Unit.
- (j) Each page of the muster roll is initiated by an officer.
- (k) That following certificates have been endorsed on the wages bills: -
 - (i) Labour for whom pay and allowances have been claimed have worked for 8 hours daily except for Sundays and gazetted holidays and authorized absence.
 - (ii) Labour has not been employed for execution of work given on contract on a specified stretch on road.
 - (iii) Labour employed and stores issued have been fully utilized on the work.
 - (iv) Funds are available.
- (l) Disbursement of wages beyond Rs 100000/- has been made by OC Unit or an officer authorised by OC.

Authority: -

- (i) Para 501 to 518 of BR Regulations
- (ii) GOI, MOST, BRDB letters: -
 - (a) F.4(91)/BRDB/61 dated 31.07.1962
 - (b) F.115(3)/1964-Pers/VII/23602/DGBR/E2A (T&C) dated 15.07.1985
 - (c) F.115(3)/1964-Pers/VII/23602/DGBR/E2A (T&C) dated 12.07.1987
 - (d) F.108(1)/88-Pers/23602/DGBR/E2A (T&C) dated 12.01.1990
 - (e) ID No. F. BRDB/04(iii)/99/E2 dated 14.10.1999

(3)(a) HQ DGBR letter No. 713/DGBR/06/E2A (Procedure) dated 09.05.90

(b) HQ DGBR letter No. 60351/P/DGBR/WED/VIG dated 06.07.1999

(c) HQ DGBR letter No. 18353/DGBR/Para 519/T&C) dated 25.10.1999.

132. Treatment of Unpaid wages in respect of Casual Personnel Paid on Muster Roll

If any wages remain unpaid from a casual personnel bill or from a Muster Roll, it will be credited in the cash book. The details of the unpaid wages from the bills will be entered in the register of unpaid wages (IAFW-2259) to be maintained by the assignment holder. Subsequently payment of unpaid wages will be made on Hand Receipt (IAFQ-2260) after auditing by the concerned Accounts Officer in the manner stated below :-

- (a) The entire payment of the Muster Roll is susceptible to debiting to relevant job(s). Therefore, the entire payment of the Muster Roll including unclaimed wages will be debited to the relevant job(s) in the first instance.
- (b) The unclaimed wages will then be deposited in the Government treasury through MRO and will be credited to the Miscellaneous Deposit Head (017/05) as plus Receipt by debiting to the MRO head 'Remittance into Banks and Treasuries (020/80)' in terms of Para 213 of Defence Account Code. The records of the unclaimed deposits with full particulars will be maintained in the Register of Unclaimed Deposits.
- (c) The unclaimed amount, if paid on the Hand Receipt, will be debited to the head 017/05 as Minus Receipt.
- (d) If the amount remains unclaimed for more than three years exclusive of the year of deposit, the same will be credited to the Miscellaneous Receipt head (01/575/30) in terms of Para 214 of Defence Account Code. If the unclaimed amount is claimed even after the prescribed period, the same may be paid out of the Miscellaneous Receipt head (01/575/30) with the approval of the PCDA/CDA.
- (e) Responsibility for accounting in the suspense head under K Deposit will be both of the Accounts Office and the HQ Task Force.

Para-133 to 135 Blank

CHAPTER-IX

RESEARCH AND DEVELOPMENT ESTABLISHMENT

Mandate of Research and Development Establishment

136. It shall be dedicatedly working towards self reliance of BRO in the field of Road construction including bridges and tunnels. It shall also provide cutting edge technology in the field of airport/helipad construction, slope stabilization, geo-technical engineering, and tailor made road construction equipment design for hill roads and roads in other areas.
137. To achieve these goals, it shall under take in-house projects as well as projects in collaboration with established players in these fields from national and international arena. The establishment shall harness technology and specifications and modify it to suit BRO's requirement from several establishment of similar nature in Govt./Public domain such as CRRI, NITHE, IITs, MORTH, Indian Railways, State PWDs, BIS, NDMI, OSMRS, AMIL, Coal India DRDO etc. and in Private sector such as L&T/Gammon/HCC/Simplex etc.

Aim and Thrust Area

138. The aim of R&D establishment in BRO shall be following:-
 - a. Recommend new materials, techniques, methodology and machinery for economical, safe, reliable, faster and durable roads, bridges and tunnels construction.
 - b. Suggest measures for increased safety and quality on roads.
 - c. Reduce detrimental effect on environment and society.
 - d. Better Project management of works at site.
 - e. Accelerated road and bridge construction by adopting new concepts.
 - f. Suggest measures for better maintenance of roads.
139. The main thrust of Research and Development (R&D) in the BRO should be to build sustainable, environment friendly and better maintained roads. To achieve this objective we need to be more aggressive in acquiring and applying advanced technologies in roads, bridges and tunnels which are the core competence areas of BRO.
140. R&D schemes shall be formulated keeping in view the current trends and practices with a futuristic vision. The main objective of R&D schemes will be the speedy incorporation of new materials, & techniques in BRO works.

Thrust Areas of research in Border Roads Organisation

141. For purpose of application of newer technologies, the works in BRO can be broadly divided into following sub heads.

- a) Flexible pavement design, construction and maintenance.
- b) Geo-technical Engineering including ground improvement techniques and land slide hazard mitigation.
- c) Rigid pavement including design construction and maintenance.
- d) Bridges including evolution of new designs, adoption of new conceptual designs construction maintenance and rehabilitation.
- e) Pavement performance evaluation, quality audits, Axle load studies, traffic studies.
- f) Instrumentation including introduction of new instruments use full for design, construction & evaluation of roads and bridges.
- g) Traffic Engineering & safety measures including Geometric design of roads & interchanges, traffic control devices, flyovers and safety measures.
- h) Road development planning & managements including DPR preparation, Socio economic impact studies, environmental impact studies, GIS application in road planning & management. Road net work planning, pre feasibility studies.
- i) Software application in planning, design, construction and evaluation.
- j) Development of laboratory facilities.
- k) Human behaviors studies in extreme conditions and suggested improvements.
- l) Enhanced IT application towards greater productivities.
- m) Laboratory services.
- n) Documentation data and laboratory services.
- o) Modernization of workshop procedures and infrastructure.
- p) Modernization of Vehicles Equipments and Plants.
- q) New materials in road construction.
- r) Disaster Mitigation response during natural calamities.

142. These area can be further subdivided as below:-

Flexible pavement Design, Construction and Maintenance.

- (a) Life cycle studies in different climatic condition.
- (b) Evolution of superior specifications for different climatic condition.
- (c) Rehabilitation of distressed pavements.
- (d) Design based on available local materials.
- (e) Adoption and development of better performing mix specifications.
- (f) Recycling techniques.
- (g) High Altitude specifications.
- (h) New and improved Bituminous Binders.
- (i) Evaluation of soil modifiers and stabilizers.
- (j) Cold Mix Technology Applications.
- (k) Maintenance Management.
- (l) Environmental safeguard measures.

143. **Geotechnical Engineering Including Ground Improvement Techniques and Land Slide Hazard Mitigation**

- (a) Land slide Mitigation and Hazard Management.
- (b) Soil reinforcement.
- (c) Ground improvements.
- (d) Rock fall problems and remedies.
- (e) Bridges foundation in unstable strata.
- (f) Geosynthetics and other materials.
- (g) Stabilizations of slopes.
- (h) Use of Reinforced earth walls.
- (i) Design of bridge foundations.

144. **Rigid pavements including design construction and maintenance.**

- (a) Introduction of Rigid pavements in BRO in selective stretches.
- (b) New innovations in concrete technology.
- (c) Instrumentation.
- (d) Design of concrete mixes.

145. **Bridges Design, Construction, Maintenance and Rehabilitation**

- (a) Design & construction of concrete bridges.
- (b) Design construction of cable stayed bridges & suspension bridges.
- (c) Evolution of standard design of bridges with fixed spans.
- (d) Distress of diagnostics and rehabilitation.
- (e) Design of centering and shuttering.
- (f) Determination of scour depth for bridge foundations.
- (g) Bridge design softwares.
- (h) Bearings for bridges.
- (i) Continuous bridge health Monitoring system.
- (j) Bridge condition survey including condition of bridge foundation.

146. **Pavement performance evaluation**

- (a) Behavior of pavement.
- (b) Axle road survey.
- (c) Traffic studies.

147. **Instrumentation**

- (a) Instrumentation for non destructive testing of road and bridges.
- (b) Instrumentation for evaluation of bridges and road works.
- (c) Road geometrics measuring system.
- (d) Instruments for field evaluation like density measurement, Bitumen Control estimation.
- (e) Laboratory instruments.

148. **Traffic Engineering & Safety Measures.**

- (a) Geometric design of roads & interchanges.
- (b) Accident analysis and remedial measures.
- (c) Road safety evaluation and suggested measures.
- (d) Variable message signs.
- (e) Safety systems on roads.

149. **Road Development Planning & Management.**

- (a) DPR preparation.
- (b) Socio impact studies.
- (c) Road network planning.
- (d) The feasibility studies for bridges and roads.
- (e) Road network planning.

150. **Software application in Planning, Design, Construction & Evaluation**

User trial of various software available in the market helpful for design, construction and monitoring of roads, bridges and tunnels etc.

151. General

R&D in BRO being a new concept and is still at a nascent stage, its audit procedure may be applied mutatis mutandis in line with those in Defence Establishment. Keeping in view the accounting procedure prevalent in R&D on the Defence Department, the accounts that are to be maintained by Research and Development Establishments in BRO shall be of two types, viz., Store Accounts and Financial Accounts. Store Accounts follow the general pattern of consuming units and therefore audit is to be conducted with reference to the general and special instructions thereof contained in this manual. In regard to Financial Accounts, the procedure outlined in the succeeding paras should be borne in mind.

The following Financial Accounts shall be maintained by the BRO R&D Establishment. The instructions against each will be looked into in audit.

152. Project Register

- (i) Ensure that a Project Register as per Appendix “A” to Government of India, Ministry of Defence letter No. 87146/RD-26/79/D (R&D) dated 1st February, 1977 is maintained centrally for all the projects sanctioned and assigned to the Establishment.

- (ii) Verify with reference to the sanctions on record with the Establishment that all the sanctions are prominently entered in this register, all relevant columns are completed and the register is kept upto date. Copies of sanctions are endorsed to the affiliated finance.
- (iii) In case of completed projects, compare the estimated cost with the completion cost. Where the completion cost exceeds the estimated/sanctioned cost, see whether prior approval of the CFA is available on record and indicated in the register.
- (iv) If the probable date of completion as shown in column 5 is subsequently amended, see whether approval of the CFA exists.
- (v) See whether the total cost exhibited in column 7 has been correctly brought forward from the project expenditure card.

153. Sanctions

It will be seen that separate folders are maintained for recording the Appreciation Reports and Sanctions thereof accorded by the Government of India or any other authority delegated in this behalf.

Any orders connected with change in the probable date of completion, foreclosure of stage-closure of the project should also be recorded in the relevant folders.

154. Project Commitment Register

- (i) See that a separate register in manuscript form is maintained for each project for noting the commitments against the project as reflected in the Appreciation Report.
- (ii) See that each item is cleared as and when the expenditure is incurred and debited in the project Expenditure/Card.
- (iii) Bring out cases where the sum total of the Project Expenditure Card and the commitments yet to be honoured is likely to exceed the sanctioned cost of the project.

155. Project Expenditure Card

A Project Expenditure Card as per specimen at Appendix "B" to Government of India, Ministry of Defence Letter No. 87146/RD-26/79/D (R&D) dated 1st February, 1977 is maintained for each project undertaken by the R&D Establishment:

It will be seen that :

- (i) Project expenditure card is maintained centrally by the Administration or Store

- wing of the Establishment as may be decided by the CE (R&D) of the Establishment.
- (ii) All the entries/columns in the card are promptly completed indicating inter alia the date of completion of the project. These entries should be linked with the Project Register.
 - (iii) In case where the sanctioned cost of the project is revised, the amount of original sanction plus additional amount sanctioned is shown as the revised cost of the project, duly authenticated by the Officer-in-Charge of the project.
 - (iv) Only actual expenditure is booked in the project Expenditure card. Supply Orders/Work Orders placed on trade/fabricators/manufactures and central procuring agencies are not booked as expenditure unless materialized and taken on charge by the main store wing.
 - (v) Column 2 is completed with reference to the Vr. No. and dates allotted to the branch, Demand-Cum-Issue Vouchers/Nominal issue Vouchers by the Main Store Wing.
 - (vi) Expenditure on account of consumable stores and Non-consumable stores booked in the Card is reviewed every month by the authorized officer of the project and his initials recorded in the Card at Column 5.
 - (vii) Pay and Allowances of the personnel specifically employed for the project are debited in the card.
 - (viii) Expenditure booked in the card is not written back, i.e., progressive total is not reduced until completion of the project or closure.
 - (ix) Cost of consumable stores returned to the Main Store Wing at the time of completion/closure of the project will be credited to the project Expenditure card and the progressive total reduced accordingly.

156. Stores and Accounting

(a) Consumable stores- It will be seen that :-

- (i) All consumable stores required for the project are drawn from the main stock on Demand-cum-Issue vouchers as per specimen given Appendix "C" to Government of India, Ministry of Defence Letter No. 87146/RD-26/79/D(R&D) dated 1st February 1977.
- (ii) All demands from the indenting branches/groups are controlled by a special series and given consecutive serial numbers on yearly basis from January to December, prefixing the project Number.

- (iii) consumable stores which will be consumed within two weeks are only drawn at a time.
- (iv) Cost of all stores drawn, is immediately booked in the project Expenditure Card with reference to Voucher No. and date allotted to the Demand-cum-Issue Voucher by the Main Store Wing. Simultaneously, entry to the effect that the total amount has been booked in the Expenditure card is made in the Demand-cum-Issue vouchers under the signature of the Officer-in-Charge of the project.

(b) Subsidiary Register- It will be seen that-

- (i) Stores drawn in bulk which are not meant for immediate consumption, such as, chemicals in sealed containers or such stores which are to be drawn in bulk quantity and kept at site for gradual consumption in part are accounted by the Project Officer in a Subsidiary Register as per specimen given at Appendix “D” to Government of India, Ministry of Defence Letter No. 87146/RD-26/79/D(R&D) dated 1st February 1977(items which are to be accounted in this register will be decided in consultation with the accredited finance officer. Items of comparatively small value are not accounted in the subsidiary register even if they are drawn in bulk quantity.

[Note : For this purpose ,when the average consumption it not to the extent of more than Rs.50 per fortnight and the total value of the stores drawn is not more than Rs.200 at a time should be taken as items of small value.]

- (ii) Receipt entries are supported with reference to the voucher No. and date allotted to the Demand-cum-Issue vouchers by the Main Store.
- (iii) Receipt transactions are linked in the subsidiary register to the extent of 16 ½% of the Demand-cum-Issue vouchers floated by the Main Store wing. Similarly, 16 ½% of issue transitions are checked with expense vouchers.
- (iv) A certificate to the effect that the stores have been consumed against the project indicating the title and No. of the project is invariably recorded by the Project Officer on the expense Vouchers.
- (v) The Register is closed to NIL balance by transferring the unutilized stores to Main Stock on regular issue vouchers, on completion of the project.
- (vi) This being a sub stock register, the items held on charge are subjected to annual stock verification.

157. (a) **Non Consumable Stores-** It will be seen that:-

- (j) All non-consumable stores, such as Machinery, Equipments, Tools etc., are drawn on nominal series of Demand-cum-Issue Vouchers.
- (ii) Title and No. of the project are invariably indicated in the Demand-cum-Issue vouchers.
- (iii) The value of the machinery, equipment, tools etc. is indicated on the voucher and is debited in the project expenditure card for non-consumable stores.
- (iv) Non-consumable stores are not struck off ledger charge by the Main Store Wing, but the distribution is shown on the reverse of the Main Ledger Sheets.
- (v) All non-consumable items of stores are marked as such prominently at the top of the concerned ledger sheet by the Main Stock Group/Central Store Section.

(b) **Expenditure Card for Non-consumable Stores-** It will be seen that:-

(i) Expenditure card as per specimen given at Appendix "E" to Government of India, Ministry of Defence Letter No. 87146/RD-26/79/D(R &D) Dated 1st February, 1977, is maintained separately for each project by the Store Wing.

(ii) The items which are incorporated in the project as component, if not dismantled and recovered at the close of the project are charged off on regular Demand-cum-Issue Vouchers.

(iii) The cost of such items incorporated in the project is adjusted in the project expenditure card and the Expenditure Card for non-consumable stores.

158. **Return of Stores after Completion of the Project**

(a) **Non-consumable store-** It will be seen that:

- (i) At the close of the project, all non-consumable stores, except those incorporated in the prototype are returned to Main Stock Group on nominal vouchers.
- (ii) The cost of stores, returned is not reduced from the project expenditure card, but is adjusted in the expenditure card for non-consumable stores.
- (iii) The distribution shown on the reverse of the Main Ledger Sheets is suitably amended.

(iv) The items so returned are treated as establishment build-up till declared surplus/unserviceable.

(v) The surplus/unserviceable stores are disposed off in the normal manner.

(b) **Consumable Stores-** It will be seen that:-

(i) Immediately after completion/closure of the project all unutilized stores are returned to Main Store Wing on regular issue vouchers.

(ii) The stores so returned are taken on charge in the Main Stock Ledger.

(iii) The cost of stores returned is reduced from the progressive total of the project expenditure card.

159. Issue of Developed items/stores

It will be seen that :-

(i) Immediately after completion of the project, the developed materials/stores are taken on charge in the ledger of Main Store Wing on Certified Receipt Vouchers.

(iii) All developed materials required to be issued for user's trials are initially issued on Loan Issue Voucher. Items which are designed to be consumed during trials are finally charged off on regular issue vouchers from the Main Store Ledger.

(iv) All non-expendable developed materials issued for User's trial are noted in a Loan Register and return thereof watched.

(v) Non-expendable materials not returned by the user's after expiry of the loan period are converted into payment issue and charged off from the ledger.

(v) The payment issue voucher duly priced and got checked by the Internal Audit Officer floated to cover the transaction and its final adjustment watched.

Miscellaneous

160. (a) It will be seen that a register for payment of testing charges is maintained for recording recovery of testing charges on various components and prototypes developed by indigenous firms. Following check will be exercised in audit to ensure :

(i) That the testing charges are levied as per the schedules of rates in force approved by the Government of India, after checks by the Internal Audit Officer.

(ii) That the test charges are deposited in advance by the firm.

- (iii) That any additional charges towards POL, packing etc. are recovered from the firm.
- (iv) That total recovery is remitted into Treasury, TR forwarded to the affiliated Accounts Office and acknowledgement obtained.

(b) **Register of advance payments** for purchase of periodicals/publications will be audited to see that the Register is maintained as per Government of India, Ministry of Defence Letter No. 90202/RD-26/1725/CG(Admin) dated 4th March, 1960. It will also be ensured in audit that the periodicals (Indian and Foreign) are received regularly and taken on charge. In cases of non-receipt of magazines, it should be ensured that the advance paid is refunded to Government or regularized as a loss.

Para-161 to 165: Blank

Chapter-X

Local Audit of HQ DGBR

Duties and responsibilities of Director General of Border Roads (DGBR)

166. The Director General Border Roads, New Delhi is responsible for giving advice on technical matters. He is in overall control i.e administration, planning and control of man-power, resources etc. of the civilian force namely General Reserve Engineer Force (GREF) for departmental execution of Projects. Further, he is responsible for planning and execution of Projects entrusted to the General Reserve Engineer Force(GREF) and coordination of all technical matters for ensuring technical soundness of design and specification adopted in the execution of Project, scrutiny of all estimates before they are put up to the BRDB for sanction, preparation and submission of periodical budget estimates and obtaining funds from Government of India .He exercises control over the GREF through Chief Engineers functioning in specified areas.

167. Organisational setup of HQ DGBR :-

Organisational setup of HQ DGBR comprises of two Additional Directors General (ADsG), who is assisted by eight Directorates, each headed by a Deputy Director General viz. (a) Personnel,(b)Technical Planning,(c) Works Projects, (d) Bridging and Tunnels, (e)Technical Administration, (f)Designs and Specification (g) Discipline & Vigilance and (h) Medical

(a) **The Directorate of Personnel are responsible for following activities :-**

- (i) APARs & DPCs
- (ii) Promotions
- (iii) Postings
- (iv) Appeals & representations(including retired officers)
- (v) Deputations
- (vi) Recruitment of sub-ordinates.
- (vii) Maintenance of Service Records.

(b) **The Directorate of Technical Planning is mainly responsible for:-**

- (i) Framing of work plan and fixing targets for works projects;
- (ii) Study of recce report of projects;
- (iii) Preparation of all drawings, plans and charts through Drawing Section.
- (iv) Processing cases with AHQ and E-in-C's Branch regarding projection of GS works and also operational works.
- (v) Watching and monitoring progress reports, inspection reports, technical sanction, completion reports - Parts 'A' and 'B' deviation statements:

- (vi) Preparation of Budget Estimates and Revised Estimates;
 - (vii) Allotment of funds including re-appropriation.
 - (viii) Watching Monthly Expenditure Return /Sub-Audit Officer's account;
 - (ix) According Administrative Approval for manpower resources (non-static units) and machinery;
 - (x) allocation of resources including output or workshops;
 - (xi) Assessment of potential and input of works.
 - (xii) Monitoring scrutinising and progressing various works from the state of Technical Cost Appreciation (TCA)/preparation of AEs till inclusion in BRDB programme.
- (c) **The Directorate of Works Projects is responsible for :-**
- (i) dealing with various works from the stage of Technical Cost Appreciation (TCA) till its inclusion in the BRDB Programme.
 - (ii) monitoring scrutinizing and progressing of TCA and AEs and recording thereof in the Registers.
- (d) **The Directorate of Bridging and Tunnels is responsible for :-**
- (i) study of site data and selection of site;
 - (ii) Preparing scheme for sub-oil investigation and studying its report;
 - (iii) Preparation of Technical specification and drawing and finalization of design parameters and bridge scheme for issue of tender;
 - (iv) Monitoring progress of construction, checking of detailed design calculation and analyzing of all drawings before approval;
 - (v) Preparation/invitation and scrutiny of tenders on behalf of Chief Engineers for major bridges and other specialist work;
 - (vi) Advising Chief Engineers on contract and arbitration matters and legal and court cases pertaining to contract.
- (e) **The Directorate of Technical Administration is responsible for :-**
- (i) General administration and establishment of the Directorate;
 - (ii) Issue of policy letters on technical matters where different sections of the Directorate are involved.
 - (iii) Scrutiny of Budget of the Directorate;
 - (iv) Procurement of stores and monitoring short supply of stores, lime cement, steel, bitumen etc.;
 - (v) Liaison with BRDB, Ministry of Defence (Finance) (B/R), DGA&D, DGTD, Cement Controller IDL, EBC, IBDP, FPC for approval of annual requirement of indent, submission of indent to DGS&D for conclusion of AT and arranging import of category 'B' stores.
 - (vi) Procurement of vehicle, plant and equipment including Bailey Bridge equipment.
 - (vii) Progress on indent placed on DGS&D/DGTD and other agencies for/procurement of new vehicles & equipment;

- (viii) Ensure proper budget utilization;
 - (ix) Provision of ordnance stores for GREF personnel;
 - (x) Policy of inventory management of spare parts and its review;
 - (xi) Preparation of budget estimates and revised estimates for procurement of spare parts;
 - (xii) Maintenance of statistics on local purchase of spare parts by projects. Base Workshops and store division.
 - (xiii) Progressing all firm indents in respect of spare parts pertaining to all makes and types of vehicles/equipments;
 - (xiv) Calculation of usage rates in respect of all vehicles/equipment;
 - (xv) Defect investigation, finalization of defect reports and down gradation of equipment;
 - (xvi) laying down equipment life, investigation of premature failure and suggesting remedial measures;
 - (xvii) Policy on overhaul and repair of vehicles and equipment by Base Workshops/Field Workshops.
- (f) **The Directorate of Designs and Specification is responsible for :-**
- (i) ensure design and specifications are in accordance with sound Engineering practice and fulfill the object in view with the least expenditure of funds.
 - (ii) The scale and norms as laid down under Border Roads Regulations are followed.
 - (iii) Research & Development of BRO
- (g) **The Directorate of Discipline and Vigilance** deals with investigation of cases referred to vigilance
- (h) **Medical Directorate** deals with the functioning of Medical and Surgical units of Border Roads Organisation.

168. Agencies by which Internal audit of HQ DGBR is conducted

The audit of store accounts of HQ DGBR is conducted locally by P.C.D.A(BR) New Delhi.

(a) Audit by the Internal audit staff : Internal audit of HQ DGBR is normally carried out by a team of AAOs/Sr.Auditors headed by one IDAS officer from Main Office, PCDA(BR) New Delhi.

(b) Review of Internal audit by an Indian Defence Accounts Service Officer: This review is carried out in accordance with procedures as laid down in Chapters II & III of this Manual.

169. Duties of Internal Audit Staff

The Internal Audit Staff will perform their duties as instructed by Reviewing officer in selection order to the extent and scope provided in this manual and various rules and orders issued by Govt. of India or any other authorities entrusted by it, within the mandays authorized for the purpose. The Internal Audit staff, in course of their audit will also bring to the notice of

Reviewing Officer all issues of doubtful/controversial nature ,before putting any such item under objection. The BRO has its area of specialization or technical domain and degree of complexity. Although an auditor is generally expected to understand such complexities presented by executives that he audits, this manual addresses only what is common across all the Units & Formations of Border Road Organisation. Thus they are expected to use their experience and intelligence instead of confining themselves to the routine checks of arithmetical accuracy of accounting data within the scope provided in manuals and Regulations, while conducting audit to be able to dig out any lacuna/to identify the problem area within the system which may lead to mis-appropriation of govt. money/property.

The Reviewing officer (IDAS) however, remains personally responsible for ensuring that audit of all accounts have been carried out in strict compliance with the prescribed rules and orders.

170. Discretions Vested in Reviewing officer for Carrying out Internal Audit duties and Programme of Work.

In exercising certain test checks on the work of the internal audit staff e.g., a test check of the verification of credits in store accounts, etc., the Internal Audit Officer is given discretion in the matter of the extent to which his check is to be applied, but the check exercised should be substantial.

He is expected to carry out such discretionary test checks intelligently and in accordance with the spirit of the orders.

171. Frequency of Internal audit

Audit of Store Accounts of HQ DGBR will be carried out on yearly basis, the audit cycle being April to March.

172. Programme of Internal audit

A yearly program of internal audit of HQ DGBR will be drawn up by the Internal Audit Section of PCDA (BR) New Delhi. It will be submitted to the PCDA (BR) for approval by the 20th May , following the financial year to be audited. The standard time in man-days as approved and notified by the CGDA from time to time for audit of HQ DGBR should be adhered to by the Internal Audit Section of PCDA (BR) New Delhi in making out the program. A separate program for inspection of cash accounts of HQ DGBR by the Internal Audit Officer[SAO/AO of MO, PCDA(BR) New Delhi] will be prepared and submitted to the PCDA(BR) for approval by 20th July, following the financial year to be inspected.

The Reviewing officer/Internal Audit Officer will inform HQ DGBR of their impending programmes of audit, review and inspection sufficiently in advance .

173. List of accounts and registers to be audited

To ensure that no accounts are omitted in audit, a list of all accounts and registers is required to be maintained by Internal Audit Section of PCDA(BR) New Delhi. At the time of Audit of Stores Accounts/inspection of Cash Accounts of HQ DGBR, the list is to be collected by the concerned Reviewing Officer/Internal Audit Officer as well as by the senior most member of the team.

Note: To help the Internal Audit Section/Reviewing officer/Internal Audit Officer in preparing the lists, a standard list of accounts, subsidiary documents and ancillary records generally maintained by the HQ DGBR, which are required to be audited or inspected is given in Appendix 'A' to this Manual.

174. Audit of Store Accounts of HQ DGBR :-

The audit in respect of accounts and ledgers maintained by HQ DGBR will be Carried out in the same manner as those of consuming Units, in accordance with the audit procedure laid down in Chapter-II & III of this Manual.

175. Inspection of Cash Accounts maintained by HQ DGBR:-

The inspection of Cash Accounts maintained by HQ DGBR will be carried out in the same manner as laid down in Chapter-XIII of this Manual.

176. Audit of Store Accounts & Cash Inspection of Army Units/Formations attached with BRO : -Internal Audit of store Account and Cash Inspection of Army Units/Formations attached with BRO will be carried out in terms of various provisions of ALAM Part-I & II. Frequency of Internal Audit & Cash Inspection will be the same as in the case of GREF Units/Formations to which these Units/Formations are attached.

177. **Performance Audit of HQ DGBR**

In addition to Audit of store Accounts & Cash Inspection of HQ DGBR, the Internal Audit officer will also carry out the performance audit of HQ DGBR with special emphasis on the following areas :-

- (i) Projected/ assigned target of the year i.e. Approved Annual Works Plan (AAWP) ;
- (ii) Budget allotment of the year, utilization of allotted budget, pace of booking of expenditure and physical achievements of assigned targets;
- (iii) Analysis of Linear Targets/achievement reports to see that it is reasonably correlated with resources, cost, time, or such other factors.
- (iv) Management of Resources at the disposal of BRO;
- (v) Annual Procurement Plan for the Financial Year, the achievements during the Financial Year & carry over liabilities to the next financial year;
- (vi) Total Booking of expenditure against deduct recoveries head on account of usage rates of "V/E/P";
- (vii) Liabilities committed by HQ DGBR on account of procurement of Cat-A Equipment & Spares during the financial year;
- (viii) Liabilities cleared by HQ DGBR during the financial year on account of procurement of Cat-A Equipment & Spares during the financial year;
- (ix) Liabilities outstanding for an abnormal period;
- (x) Utility & performance of the Plant/Machineries procured and provided by HQ DGBR;
- (xi) Delay involved at HQ DGBR in processing and according of Administrative Approval cum expenditure sanctions/RAA. The reasons for initiating RAE;
- (xii) Delay at HQ DGBR in sanctioning of Jobs pertaining to IRMD/SRMD Works;
- (xiii) Faulty designs and specifications leading to forecloser of the works/Job(s) ;
- (xiv) Wrong Policies leading to forecloser of the works/Job(s) ;

- (xv) Premature down gradation of V/E/P.
- (xvi) Cost over run of Job(s) due to poor/faulty planning;
- (xvii) Scale audit of Human Resource ;
- (xviii) Non-utilisation/under utilisation of V/E/P.

The scope and extent of performance audit will be determined by the Audit officer during his audit programme based on the guideline given para-211-241 of Chapter-XII of this Manual.

178. Special mandate for audit of quality spending in BRO

Traditionally the scope of Internal Audits has been restricted to detecting violations of financial rules and regulations. There has been little scrutiny of the quality spending. Transactions have been looked in isolation and irregularities noticed during the course of audit are not used to identify the systemic weakness. Since , BRO is a work charged Organisation and Internal Audit plays an effective role in the rapid and simultaneous observation of multiple events and transient situations to achieve the assigned targets and establish efficiency and economy of the organisation. The Internal audit officer is expected to conduct an intelligent review of overall performance/activities of HQ DGBR on impact evaluation against the expected output. For this purpose, the Audit Officer will collect the following data/information from the Directorate of Technical Planning, Directorate of Works Projects , Directorate of Technical Administration and Directorate of Designs and Specification during his Internal Audit programme of HQ DGBR :-

- (i) Approved Annual Works Plan (AAWP) ;
 - (a) Road Works;
 - (b) Bridge Works;
 - (c) Road Maintenance.
- (ii) Annual Procurement plan for the Financial Year ;
 - (a) Vehicles/Equipments/Plants;
 - (b) Spares for Vehicles/Equipments/Plants;
- (iii) Total Budget allotment against different Major Head of Account for the financial year;
- (iv) Budget allotment of the HQ DGBR and its utilization;
- (v) Total Projection of GS works and operational works during the financial year.
- (vi) Allotment of funds including re-appropriation for Procurement of Cat-‘A’ stores (i.e. V/E/P) and Cat-‘A’ spares;
- (vii) Total Fund allotted to the Base Workshop & Fd Workshop for procurement of Cat-‘A’ spares during the financial year ;
- (viii) Policy regarding approval for manpower resources and machinery for Base Workshop & Fd Workshop including output of workshops;
- (ix) Policy on overhaul and repair of vehicles and equipment by Base Workshops/Field Workshops;
- (x) Policy on defect investigation, finalization of defect reports and down gradation of equipment;
- (xi) Policy regarding laying down equipment life, investigation of premature failure and suggesting remedial measures;

- (xii) Total Nos of Job(s) and cost of the Jobs for which completion reports - Parts 'A' and 'B' have been initiated during financial year clearly bifurcating the Jobs completed within the Original PDC or revised PDC with its vintage;
- (xiii) total Nos of Job(s) on account of construction of Permanent Bridge which are being executed departmentally;
- (xiv) total Nos of Job(s) on account of construction of Permanent Bridge which are being executed through execution contract;
- (xv) Total target of Bridge Works during the financial year, allotted fund and achievements, shortfall if any and reasons thereof;
- (xvi) Total length of BB components held with BRO;
- (xvii) Total length of Bailey Bridges launched at various sites;
- (xviii) Collapse of Bailey Bridge at various sites during last 5 years;
- (xix) Annual procurement plan for BB components(Demand of users will be linked);
- (xx) Status of Bailey Bridge components after delaunching;
- (xxi) Total credit during the Financial Year on account of usage rates of V/E/P, clothing and Auction Sales.
- (xxii) The following Reports>Returns will be collected to scrutinize :-
 - (a) Monthly Expenditure Return(MER);
 - (b) Monthly Progress Report;
 - (c) Cost Control Return;
 - (d) Quarterly Utilization Report.
 - (e) Physical & Financial Progress Report.
 - (f) Liability Report in respect of HQ DGBR;

On receipt of above data/information, the Audit officer will scrutinize/analyse the same to see that –

- the budget allotment made during the financial year is commensurate with the assigned targets;
- the assigned targets, allotted funds and physical achievement as per the completion Report Part-'A' & 'B' are comparable and establish efficiency & economy;
- the V/E/P at the disposal of BRO, assigned targets, achievements, Annual Procurement Plan for V/E/P and its spares and output of Base Workshop & Field Workshop establish efficiency & economy;
- the policy adopted for preparation of Annual Procurement Plan is sound and object oriented.
- the scale and norms laid down under Border Roads Regulations have been strictly followed;
- the procurement plan is a realistic one and based on user's requirement ;
- the Procurement of Vehicles, Plants , equipments and BB Components have been made considering the present holding and deficiency ;

- the proper inventory management of spare parts has been closely watched by the concerned Directorate based on the policy devised on the issue;
- calculation of usage rates in respect of all vehicles/equipments & plans have been carried out timely by the concerned Directorate and issued to all concerned for compliance ;
- concerned Directorate devised Policy on overhaul and repair of vehicles and equipment by Base Workshops/Field Workshops;
- the design and specifications are in accordance with sound Engineering practice and fulfill the objectives with the least expenditure of funds in comparison to other Central/State Government Organization like CPWD/PWD/MES etc.
- sound policy exists on overhaul and repair of vehicles and equipment by Base Workshops/Field Workshops
- A critical analysis of some selected Reports>Returns as mentioned above will be carried out to see that :-
 - (a) The expenditure incurred is within the allotment;
 - (b) The concerned Directorate has carried out reconciliation to check trend of expenditure as compared to output and corrective measures , if required, taken in time.
 - (c) Necessary action has been taken to identify the under utilized plants and to utilize the same at some other place/location to ensure optimum use of available resources;
 - (d) Necessary action has been taken by the concerned Directorate to minimize the mis-match between Physical and Financial Progress of Job(s);

After scrutiny/analysis of above data/information the Internal Audit officer will prepare a comprehensive report on audit findings and bring the issues to the notice of DGBR/BRDB with his specific recommendation/suggestion, if any to achieve efficiency and economy.

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Chapter-XI

Audit of Sanctions

181. Sanction

A sanction is an authoritative permission or approval that validates a course of action taken by an authority to incur any expenditure, write off losses, dispose of government property or enter into any liability involving expenditure or transfer of moneys for investment or deposit from Government account.

- a) All sanctions to the expenditure generally indicate the details of the provisions in the relevant grant or appropriation wherefrom such expenditure is to be met.
- b) All proposals for sanction to expenditure, indicate whether such expenditure can be met by valid appropriation or re-appropriation.
- c) In cases where it become necessary to issue a sanction to expenditure before funds are communicated, the sanction should specify that such expenditure is subject to funds being communicated in the Budget of the year.

182. Classification of Sanctions

The sanctions and orders affecting financial transactions may be broadly classified into three classes:

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

183. Procedure for communication of sanction

Sanctions and orders which are applicable to Border Roads Organisation issued by the Government of India/BRDB and with the concurrence of the Ministry of Defence (Finance) are communicated by them direct to the PCDA (BR). Copies of Government sanctions are intended for communication to the PCDA (BR), who have to act upon the sanction will be signed in ink by the sanctioning authority. Copies endorsed to other authorities may bear cyclostyled signatures. These instructions are applicable to sanctions issued with the concurrence of financial authorities as well as those issued under the inherent powers vested with 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 regularization of loss, with a definite monetary implication or limit.

All financial sanctions and orders issued by a competent authority are communicated to the Audit Officer and the Accounts Officer. The procedure to be followed for communication of financial sanctions and orders which will be as under:-

- (i) All financial sanctions issued by BRO authorities which relate to a matter concerning the Department proper and on the basis of which payment is to be made or authorized by the Accounts Officer, have been addressed to the concerned Accounts Officer.
 - (ii) All other sanctions are accorded in the form of an Order, which need not be addressed to any authority, but a copy thereof has been endorsed to the Accounts Officer concerned.
 - (iii) In the case of non-recurring contingent and miscellaneous expenditure, the sanctioning authority may, where required, accord sanction by signing or countersigning the bill or voucher, whether before or after the money is drawn, instead of by a separate sanction.
 - (iv) All financial sanctions and orders issued by BRO authorities shown in para 2.1 above with the concurrence of the concerned IFA, as applicable, has been communicated to the concerned Accounts Office in accordance with the procedure laid down in Rule 25 of the Delegation of Financial Powers Rules, 1978, and orders issued there under from time to time.
 - (v) All orders conveying sanctions to expenditure of a definite amount or up to a specific limit is express both in words and figures the amount of expenditure sanctioned.
 - (vi) Sanctions accorded by a Head of Department has been communicated to the Accounts Office concerned by an authorized Gazetted Officer of his Office duly signed by him for the Head of Department or conveyed in the name of the Head of the Department.
 - (vii) All orders conveying sanctions to the grant of additions to pay such as Special Allowance, Personal Pay, etc., contain a brief summary of the reasons for the grant of such additions to pay so as to enable the Accounts Officer to see that it is correctly termed as Special Allowance, Personal Pay, etc., as the case may be.
 - (viii) Copies of all General Financial Orders issued by BRO authorities with the concurrence of the IFA(BR) & PCDA(BR) have been endorsed to the concerned Accounts Officer.
 - (ix) Sanctions relating to grant to advances to BRO employees.
 - (x) Sanctions relating to payment or withdrawal of General Provident Fund advances to Government servants.
 - (xi) Sanctions of contingent expenditure incurred under the powers of Head of Offices.
- (xi) Copies of all sanctions or orders other than the following types should be endorsed to the Audit Officers/Accounts Officer:-
- (a) Sanctions relating to appointment or promotion or transfer of Gazetted and non-Gazetted Officers.
 - (b) All sanctions relating to creation or continuation or abolition of posts.
 - (c) Sanctions for handing over charge and taking over charge, etc.
 - (d) Other sanctions of routine nature issued by Heads of Subordinate Officers (other than those issued by Ministries or Departments proper and under powers of a Head of Department).

184. Date of effect of Sanction:-

- i) Subject to fulfillment of the provisions of Rule 6 of the Delegation of Financial Powers Rules, 1978, all rules, sanctions or orders shall come into force from the date of issue unless any other date from which they shall come into force is specified therein.
- ii) Date of creation to be indicated in sanctions for temporary posts: Orders sanctioning the creation of a temporary post should, in addition to the sanctioned duration, invariably specify the date from which it is to be created.

185. Lapse of Sanction:-

A sanction for any fresh charge shall, unless it is specifically renewed, lapse if no payment in whole or in part has been made during a period of twelve months from the date of issue of such sanction, Provided that -

- (i) when the period of currency of the sanction is prescribed in the departmental regulations or is specified in the sanction itself, it shall lapse on the expiry of such periods; or
- (ii) when there is a specific provision in a sanction that the expenditure would be met from the Budget provision of a specified financial year, it shall lapse at the close of that financial year; or
- (iii) in the case of purchase of stores, a sanction shall not lapse, if tenders have been accepted (in the case of local or direct purchase of stores) or the indent has been placed (in the case of Central Purchases) on the Central Purchase Organization within the period of one year of the date of issue of that sanction, even if the actual payment in whole or in part has not been made during the said period.

186. Authority competent to accord Sanction :-

Competent authority to accord sanction in BRO are determined in accordance with the provisions as contained in General Financial Rule incorporating Compendium of rule on Advances-2005, Delegation of Financial powers Rules-1978, Border Roads Regulations (1993 Reprint), and Delegation of Financial Powers to various authorities in BRO vide *Border Roads Development Board letter No.BRDB.04/696/2007/BEA/21801/ PC/DGBR/TPC dated 27th November, 2007 as amended from time to time.*

Broadly speaking following authorities have been delegated with the power to accord sanctions:-

1. The Border Roads Development Board
2. DIRECTOR GENERAL OF BORDER ROADS
3. CHIEF ENGINEERS
4. TASK FORCE COMMANDERS
5. OC GREF Centre and Records,
6. OC RCC/BCC
7. Commandant Base Workshops/ OC field workshops and
8. OC Supply/Store Divisions

187. Authentication of sanctions/orders issued:- All sanctions are issued in the name of the President of India or executed by or on behalf of him and should be authenticated in such manner as may be specified in the rules framed by the government. For this purpose it should be seen-

- a. that all orders or instruments made or executed by or on behalf of President of India are expressed as having been made in the name of the President of India.
- b. that all orders or instruments thus made or executed by lower CFAs are expressed source of the power from where it has been derived e.g. Delegations etc.
- c. that orders so made or executed are authenticated by the signature of any gazetted officer who may be specifically empowered in that on behalf by Government/the lower CFAs.
- d. Whether the sanction has been issued under the inherent powers or with the concurrence of IFA.

188. Responsibility for audit of Sanctions

- (a) The audit of Government of India sanctions is conducted by the Director General of Audit, Defence Services. A regular audit of such sanctions will not, therefore, be carried out by the PCDA (BR).
- (b) All Codes, regulations and standing orders issued by the Government of India are scrutinized by the Director General of Audit, Defence Services and the Controller General of Defence Accounts and need no further scrutiny by PCDA (BR).
- (c) Audit of all sanctions and orders affecting BRO issued by the **BRDB** devolves on Director General of Audit (Defence Services) ,as BRDB is part of Govt. of India and therefore a regular audit of such sanctions will not be carried out by the PCDA(BR).Sanctions and orders affecting BRO issued by authorities lower than Government of India; the Comptroller & Auditor General or Controller General of Defence Accounts devolves on PCDA(BR) and such audit must be carried out before audit is conducted on the transactions arising from such sanctions and orders. The Principal Controller of Defence Accounts (Border Roads) has been entrusted with the duty to conduct internal audit of BRO, through its various field offices spread all over the country, with a view to improve financial management processes, controls, and systems

in BRO and to ensure that complete, reliable, consistent, and timely information is prepared and responsive to the financial information system of BRO.

PCDA(BR) performs these audit duties through the following Agencies:-

1. Internal Audit Cell (Main Office PCDA).
2. Internal Audit Cell CDA(BR) Guwahati.
3. Internal Audit Cell JCDA(BR) Chandigarh..
4. Accounts Offices at:-
 - a) HQ Chief Engineer (Project)/CE(R&D)
 - b) HQ BRTF
 - c) Base Work shops
 - d) Supply Depots
5. Assistant Accounts Officer at LC DGBR Kolkata.

Notes:-

- (i) *All expenditure of Public money, which is not authorized by the Regulations or other orders requires the sanction of the Govt. of India. Accordingly, all orders which convey sanction, either directly or indirectly, to such expenditure should issue in the form of a Government letter. The Principal Controller of Defence Accounts (BR) should not act on any letter issued by the branches of HQ DGBR which should have been appropriately issued in the form of a Government letter.*
- (ii) *PCDA(BR) is at liberty in the normal course to refer points of special difficulty to the Controller General of Defence Accounts. Sanctions and orders which have been issued with the concurrence of the Controller General of Defence Accounts normally require no further audit scrutiny by the PCDA (BR).*
- (iii) *Any audit ruling given by the CGDA on any case referred to him by Lower audit authorities viz. CsDA/PCsDA, will be communicated to the CsDA/PCsDA*
- (iv) *Any audit ruling given by the PCDA(BR) on any case referred to him by Lower audit authorities viz. offices mentioned in para... above, will be communicated to all offices mentioned above through JCDA(BR) Chandigarh & CDA (BR) Guwahati for uniformity in implementation.*
- (v) *If any of the CsDA/PCsDA has any serious doubts as to the correctness of any sanction or order which has been issued with the concurrence of the CGDA, he may place his views confidentially before the CGDA.*
- (vi) *If any of these offices i.e. JCDA(BR) Chandigarh & CDA (BR) Guwahati has any serious doubts as to the correctness of any sanction or order which has been issued with the concurrence of the PCDA(BR), he may place his views confidentially before the PCDA.*

189. Audit of sanction related to Rules and general orders;

All such rules and orders should be scrutinized 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; and
- (3) That in case they have not been separately approved by competent higher authority; the issuing authority possesses the necessary rule making power.

190. Audit of sanction related to Grants and appropriations:-

Orders of allotment of funds and re-appropriation orders received in Audit should be scrutinised to ensure that:

- a. these have been issued by an authority competent to do so;
- b. the allotments made are not in excess of the amounts authorised under the relevant Grant or Appropriation;
- c. that the orders has not the effect of increasing the amount of appropriation without the sanction of the competent authority.

- d. that the amount appropriated is available under the head from which it has been allotted.

- e. that the re-appropriation is authorised before the expiry of the year.

- f. that the order is issued by the competent authority.

- g. that in the case of adjustment of savings and excesses within a Project ordered by Engineer Officer without the sanction of the C.F.A, who accorded the administrative approval to the Project, it will be seen that:
 - i. that savings and excesses were caused by technical reasons, and that the scope of the Project is not altered and that,

 - ii. that total amount of administrative approval is not exceeded.

- h. the amount appropriated is available under the unit from which it is allotted;
- i. amounts re-appropriated are not intended for meeting expenditure on a 'New Service' or a 'New Instrument of Service';
- j. no amount has been re-appropriated from one Grant or Appropriation to another Grant or Appropriation;
- k. no amount has been re-appropriated from the 'Charged' Section to the 'Voted' Section and *vice versa*;
- l. no amount has been re-appropriated from Revenue to Capital and *vice versa*; and funds provided under 'Plan' heads have not been re-appropriated to 'Non-Plan' heads without the previous consent of the Finance Ministry/ Department.
- m. A Grant or Appropriation is being utilised only to cover the charges (including liabilities, if any, of the past year) which are to be paid during the financial year of the Grant or Appropriation and adjusted in the account of the year. No charges against a Grant or Appropriation is being authorized after the expiry of the financial year.
- n. No expenditure is incurred which may have the effect of exceeding the total grant or appropriation authorized for a financial year, except after obtaining a supplementary grant or appropriation or an advance from the Contingency Fund. Since voted and charged portions as also the Revenue and Capital sections of a Grant/Appropriation are distinct and re-appropriation is not permissible, an excess in any one portion or section is treated as an excess in the Grant/Appropriation.

191. RETROSPECTIVE SANCTION

It should be checked that Retrospective effect have not been given by competent authorities to sanctions relating to revision of pay or grant of concessions to Government servants, except in very special circumstances, without previous consent of the Finance Department.

No posts have been created from a retrospective date without the prior consent of the Finance and the appointing authorities have not made any appointments against posts in anticipation of their creation.

192. Audit of sanctions to Expenditure:-

In the audit of sanctions against expenditure, audit is to see that the authority sanctioning it is competent to do so by virtue of powers vested in it or by the provisions of the Constitution and the laws, rules and orders made there under. Audit should also see that the sanction is finite and needs no reference to the sanctioning authority or to any higher authority. While conducting audit of sanctions against expenditure, audit should follow the guiding principles mentioned below:

1) The sanctioning authority is vested with full powers in respect of certain class of expenditure. A sanction accorded under this power can be challenged by audit on the grounds of propriety.

2) If it is vested with powers which may be exercised provided due regard is paid to certain criteria which are expressed in general form, sanction accorded under this power can be challenged by audit.

- i) if the disregard of the criteria is considered to be so serious as to make the sanction perverse or;
- ii) if the facts of the case are such as to make the audit confident that one or more of the criteria have been disregarded;
- iii) for the purpose of financial sanction, a group of works which form one project will be considered as one work and the necessity for obtaining the sanction of a higher authority is not avoided by reason of the fact that cost each particular work in the project does not require such sanction.

Besides the question of competency of the authority sanctioning the expenditure, the scrutiny of sanction should include the following points:-

- i) whether the expenditure is a legitimate charge on the provision from which it is proposed to be met.
- ii) whether the expenditure conforms to the statutory provisions as well as the relevant financial 'rules', 'regulations' and 'orders'.
- iii) whether it fulfills the standards of financial propriety.
- iv) whether in the case of sanctions to new schemes of expenditure a satisfactory procedure of accounting has been prescribed and the detailed cost, time schedule, physical target and other objects of expenditure are duly laid down by the sanctioning authority.

All sanctions to expenditure should be noted and properly attested in the audit register against which the audit of expenditure will be conducted. Recurring charges which are payable on the fulfillment of certain conditions should be admitted in audit on receipt of a certificate from the drawing officer to the effect that conditions have been fulfilled.

193. Audit of Sanctions for Procurement of Stores and Services Contracts

In conducting audit of sanctions to purchases contracts, the broad principles of financial propriety enunciated under in the Para on 'Audit against Propriety' should be borne in mind. It should further be seen that all requirements pointed below at the time of any scrutiny of the sanctions have been duly complied with or resolved to the satisfaction of Audit:-

- i) Title of the sanction is clearly mentioned .
- ii) Broad purpose of sanction is specified
- iii) Government Authority or Schedule / Sub-Schedule of Powers under which the sanction / order is being issued is clearly shown.
- iv) Name of the item/items being sanctioned
- v) Quantum of item/items being sanctioned.
- vi) Value of sanction - both per unit and total.
- vii) Major Head, Minor Head, Sub Head and Detailed Head under which the expenditure will be done booked.[Code Head as mentioned in Classification Hand Book.]
- viii) Approval of CFA has been given vide Note number ____ dated _____ in File number _____.when such sanction is communicated by an officer on his behalf
- ix) Whether being issued under inherent powers or with concurrence of IFA.
- x) U.O. number allotted by IFA.
- ix) Sanction should bear a clear dated signature of the competent authority in ink

194. Audit of Sanctions and Orders of works:-

BRO is an organisation executing works like construction of Roads, Bridges, Air Field, Buildings etc. The various stages prior to execution of works are as under:

- a) Acceptance of Necessity
- b) Administrative Approval
- c) Appropriation of Fund
- d) Technical Sanction

195. Acceptance of Necessity in respect of items included in Procurement Plans:

Before procurement of goods or execution of work is to be requisitioned the necessity for such action must be accepted by the competent authority. Somehow, where ever an annual procurement plans for revenue procurement, irrespective of its nomenclature, is being prepared with the concurrence of Integrated Finance, necessity would be deemed to have been accepted in respect of each item included in the plan. No separate AON would be necessary in such cases. However, the AON would be for the item and not the quantities required. In such cases, however, Integrated Finance should be consulted for vetting of quantity, mode of tendering, identification of vendors in case of LTE/STE/PAC and vetting of draft RFP, where financial powers are to be exercised with the concurrence of integrated finance. Provided that if in any such case Integrated Finance wishes to make any observation regarding necessity, it may be done with the specific approval of the IFA (BR). Further processing of the proposal would, however, not be deferred pending resolution of the issue raised by Integrated Finance, unless the procuring agency considers it desirable to resolve the issue before proceeding further. Where it is decided not to defer further processing of the proposal, the observations made by Integrated Finance would be brought to the notice of the CFA while seeking approval for the proposal. Provided further that AON of the CFA would need to be taken in consultation with the IFA, where

financial powers are to be exercised with the concurrence of integrated finance, before the proposal is processed any further in case of non-scaled items which do not also figure in any approved procurement plan.

196. Administrative Approval

Administrative Control ensures that services proposed for execution are of real necessity and are in accordance with Government policy and of scales, if any laid down. Administrative control is exercised through the medium of Administrative Approval.

Administrative Approval is accorded by the CFA to the execution of the work at a stated cost based on approximate estimate prepared by the Engineer Authority. The administrative approval will be conveyed by a letter specifying the source from which funds will be provided and the agency who will carry out the work. It will also state whether the work is authorised or special, if authorised the authority will be quoted and if special the reasons for approval will be stated except where the GOI is the CFA. A copy of the letter according to the administrative approval together with a copy of the approximate estimate will be sent to the PCDA(BR), concerned AO(P)/AO(TF) and to engineer authority who will issue such technical instructions as may be necessary to his subordinate officer.

197. Scrutiny of Administrative Approval/RAE/RAA

The scrutiny of Administrative Approval accorded by the CFA lower than GOI will be conducted by AO(P)/AO(TF) as the Director of Audit, Defence Services is responsible for audit of Administrative sanctions accorded by GOI.

Following points will be seen during scrutiny of Adm. Approval:-

- (1) That the authority according the Adm. Approval is competent to do so and that necessity for the work has been accepted by CFA.
- (2) The source from which funds will be provided is stated.
- (3) That sanction together with Approximate Estimate has been communicated to PCDA(BR) directed by the sanctioning authority.
- (4) That the project is not split up with a view to bringing the amount within the power of the lower sanctioning authority.
- (5) The charge is for a bonafide public object.
- (6) In case of special works involving introduction of a new practice or change of scale, sanction of GOI has been obtained.
- (7) In case of Revised Approximate Estimates/Revised Administrative Approval, it will be seen that :-

- (a) The Competent Financial Authority is empowered to accord such approval to the entire work including both the original and Revised estimates and necessity for additional scope of work has been accepted by the Competent Financial Authority;
- (b) Quantities in AA are comparable with RAE and supported with details;
- (c) Govt orders exists to add suitable percentage for escalation ;

If an approved work is not commenced within five years from the date of Adm. Approval, fresh approval has been obtained.

198. Technical Sanctions

The aim of the technical sanction is to ensure that works are executed on ground taking into account various ground factor, correct assessment of quantities involved and as per provisions of the sanctioned job in terms of scope, specification, codes, scales and norms.

199. Technical Control

Technical sanction is the basic tool for exercising Technical Control on all works executed by DGBR through the CEs(P) / TF Commanders. Technical Control ensures that:-

- a) The design and specifications are in accordance with sound Engineering practice and fulfill the object in view with the least expenditure of funds.
- b) The scale and norms as laid down under Border Roads Regulations are followed.
- c) The estimate represents the probable cost of execution of the work as accurately as possible at the time it is prepared.
- d) The Resources commensurate with the time frame for completion and are in accordance with design and specifications.

200. Issue of Technical Sanction

Technical sanction is issued by the Competent Engineer Authority describing the various items of work to be done and is appreciation of the cost that will be involved. Technical Sanction is issued on costed schedule of works which will be strictly in accordance with the Admin approval in regard to scope of work, scale of accommodation etc. In nut shell Technical Sanction amounts to no more than a guarantee that the proposals are structurally sound and that the estimates are accurately calculated and based upon adequate data.

Technical Sanction in all circumstances should be accorded by the Competent Engineer Authority before the commencement of work and before tender documents are issued in case the work is to be executed through contract. In the case of works carried out by specialised firms on their own designs, technical sanction should be accorded on the basis of their accepted designs on receipt of tender but before acceptance of the contract.

201. Components of Technical Sanction in B.R.O

The majority of the works are carried out departmentally in BRO as such Technical Sanction must include an analysis of the amount involved under the following headings:

- i) Pay and allowances including wages of casual labour.
- ii) Stores/Rations.

- iii) P.O.L
- iv) Vehicles and equipments at usage rates and clothing at per capitation rates.
- v) Items of work done through contract.
- vi) Over Heads.

202. Powers of Engineering Authorities for issue of Technical Sanction in BRO

Powers of Engineering authorities for according Technical Sanction of jobs in BRO are given below:

D.G.B.R - Full Powers

C.E's - Full Powers

Cdr TF's - 50 Lac

O.C RCC's/BCCs - 15 Lac

The competent Engineer authority may, however, delegate his authority, at his discretion to his subordinate engineer officer to issue Technical Sanction.

203. Points to be seen during scrutiny of Technical Sanction:-

The copy of Technical Sanction issued by competent engineering authority will be endorsed to CDA (BR), AO (P) and AO(TF's). On receipt of the same audit of Technical Sanction will be carried out and it will be seen:-

- i) That sanction has been accorded by the Engineer Authority competent to do so.
- ii) That the amount of Technical Sanction does not exceed the amount of Admin approval inclusive of permissible tolerance limit.
- iii) That the costed schedule of works accompanying Technical Sanction are strictly in accordance with scope of work.
- iv) That the costed schedule of works does not vary from the specification shown in Part-II of Approximate Estimate accompanying the Admin Approval except in following cases.
 - a) The changes are necessitated by Engineer reasons and are not such as to alter the scope of work.
 - b) There is no departure from authorized general specifications.
 - c) Any excess in cost involved is met from savings from other items of work.
 - d) When the effect of such changes is to decrease the cost of work the savings on the project as a whole are surrendered to the authority concerned under the normal procedure.
- v) That the schedule of works has been prepared by competent engineer authority before calling for tenders if work is to be executed through contract.
- vi) That in case of work carried out by specialised firms on their own design, Technical Sanction has been accorded on the basis of the accepted design on receipt of tender but before acceptance of contract.
- vii) Technical Sanction has been noted in the Admin Approval Register (IAFW-1816) and all Technical Sanctions linked with administrative approval.

- viii) If more than one Technical Sanction has been accorded against one Admin Approval the same has been recorded in the register serial number wise and entry authenticated by AO (P)/ AO(TF).
- ix) Technical Sanction specifies nature and quantities of stores required for execution of the job.
- x) All documents including collation sheets have been enclosed with the Technical Sanction.
- xi) In case Technical Sanction has been issued by subordinate engineer officer, letter delegating powers by competent engineer authority has been attached with Technical Sanction.
- xii) In case of revised Technical Sanction it will be checked:-
 - a) That variation between the amount of Technical Sanction and actual expenditure is due to change in designs/drawings/specification.
 - b) That reduction in expenditure is due to reduction in the scope of work

204. Sanctions to Emergency Works

Occasions may arise from natural causes such as landslides, floods, etc. Which will necessitate repair and maintenance works other than those mentioned in para 560 Border Road Regulation to be commenced urgently before issue of the Administrative Approval/ Expenditure Sanction. In such circumstances, where in the opinion (to be recorded in writing) of the local engineer officer not below the rank of O.C. construction Company/ works Section, (Executive Engineer/Major) delay in commencement of work may endanger life or property or cause serious traffic blockades or further deterioration of the road, work may be commenced in anticipation of Administrative Approval/ Expenditure Sanction. The Engineer officer concerned will, however, make an immediate detailed report to his Task Force Commander, the C.E. the Accounts Officers and the DGBR, stating the approximate amount of liability involved and explaining the reasons for commencing such works. Approximate Estimate for the work will be submitted without delay for issue of Administrative Approval/Expenditure Sanction

- (a) Most of the works are executed departmentally. It may be ensured in audit that there is no wide variation in the labour, materials and plants technically sanctioned and actually deployed against the work.
- (b) The over issue of cement, steel, bitumen and shingle over the quantities technically sanctioned for a work may be placed under objection.
- (c) Whether materials, labour and plants utilised against a work are reflected in the works diaries maintained at RCC/BCC/Maintenance Platoon level and their cost correctly worked out and reflected in the cost control returns submitted to the Task Force.
- (d) There are no losses/pilferage of steel, cement, bitumen and other stores enroute in between Engineer Stores/Supply Coy. And RCC/BCC/Maintenance Pln.
- (e) The reasons for shortfall of annual targets laid down for RCC/BCC should be critically examined with special reference to resurfacing/Formation cutting and bridge construction works.
- (f) Execution of restoration works due to natural causes needs thorough examination with reference to the actual damages assessed by the Board.
- (g) It may also be seen that financial and physical progress of work undertaken by the RCC/BCC is coordinated.
- (h) Reasons for under utilization of Labour/Pioneers and Machines be critically analysed.

- (i) Cases of undue attachment of Labour/Pioneers at HQrs. RCC/BCC and Task Force level for admin duties be critically analysed and objected to in audit.
- (j) In the case of projects foreclosed it should be seen that there are no lapses in survey/planning and execution of works at RCC/BCC level.
- (k) The labour – pioneer ratio is maintained as authorised.
- (l) It should be ensured in audit that no fictitious payments are made on muster rolls.
- (m) the demolished/excavated materials are properly accounted for.
- (n) In the case of contracts concluded for supply of broken stones and sand it should be seen that materials supplied are as per specifications.
- (o) In the case of RCC engaged in snow clearance works, the intensity of snowfall vis-a-vis the lump sum grants claimed and utilised for a few years be compared and unusual features noticed should be commented in audit.

205. Audit of Misc. Sanctions/Orders:-

(a) Sanctions to Fixed Charges

Sanctions relating to fixed or periodical charges whether in connection with work-charged establishment or other services, as well as miscellaneous sanctions and orders, such as sanctions to local purchase of imported stores, sanctions to remission of revenue, etc., should be scrutinized in IA Cell on the same line

(b) Orders relating to delegation of Financial Powers; is to be dealt with as per the rules laid down in Delegation of Financial powers Rules-1978 keeping in all the points covered under other paras on sanctions, herein.

(c) Sanction of CPLs : Audit of CPL sanction will be carried out in terms of serial no. 07 of Annexure 'D' to Para- 106 and Para-131.4 of this Manual.

(d) Sanctions issued in relaxation of rules

Statutory Rules and Regulations and executive orders are issued by the competent authority. Though executive authorities are required to observe all the provisions in the Statutes and Rules, there may be situations necessitating relaxation of Rules and Regulations in particular cases. Such sanctions are to be examined in audit with a view to ensuring that such orders are issued by competent authority and sanctions are justified and they do not violate the principles of financial propriety.

Sanctions accorded by an authority in relaxation of Financial Rules are of two categories:-

- i) Relaxation, envisaged in the rules themselves and
 - ii) Relaxation not provided for in the rules.
- A. It is to be ensure that the sanctions issued in relaxation of Rules by various CFA's are available to audit for scrutiny.
 - B. It should be examined in audit whether the reasons given for relaxation are satisfactory or not.
 - C. Relaxation of Rules is being sparingly done in only exceptional cases. The circumstances under which the Rules are relaxed have to be clearly explained in the Orders so as to reveal the apparent justification for such sanctions. Arbitrary exercise of powers to favour individuals are avoided.
 - D. During the scrutiny of sanction it should be seen that all financial sanctions are issued over the signature of the officer concerned in ink and not over cyclostyled signature.
 - E. Approval of the government and Concurrence of Finance Department or any other Department, wherever required, are recorded in the order.

Copies of all orders issued in relaxation of the Rules and Regulations in each and every case shall invariably be sent to PCDA(BR).

(e) Sanctions for Disposal of stores.

An item may be declared surplus or obsolete or unserviceable if the same is of no use to the BRO unit/project.

- i) It is to be seen that the reasons for declaring the item surplus or obsolete or unserviceable have been recorded by the competent authority.
- ii) A Board of Survey/officers' committee at appropriate level to declare item(s) as surplus or obsolete or unserviceable has been constituted by the competent authority.
- iii) The book value, guiding price and reserved price, which is required while disposing of the surplus goods, have also been worked out. In case where it is not possible to work out the book value, the original purchase price of the goods in question have been utilised. A report of stores for disposal prepared by the board is also referred to in the sanction.
- iv) In case an item becomes unserviceable due to negligence, fraud or mischief on the part of a Government servant, responsibility for the same should be fixed by conducting enquiry.

206. General points to be seen while auditing Sanctions to Other Misc. Orders/Sanctions:-

Sanctions may be finally admitted by the Assistant Audit officer of the section when they are accorded by competent authorities and are in accordance with the clear letter of the rules delegating powers to such authorities. In other cases the sanction order should be submitted to the Audit Officer after scrutiny.

All sanction should have been issued in the form of an order and it should be seen that :-

- i) That they are consistent with the essential requirements of audit and accounts, as mandated by C&AG, CGA & CGDA.
- ii) That they do not conflict with the orders of, or rules made by any higher authority.
- iii) That in case they have not been separately approved by competent higher authority, the issuing authority possesses the necessary rule making powers.
- iv) That Canons of financial propriety have been followed, where the CFA has been vested with full powers in respect of the particular class of expenditure.
- v) That wherever CFA is vested with powers which are exercised with reference to certain criteria which are expressed in a general form, then the disregard of the criteria is not done so as to make the sanction perverse or that one or more of the criteria have not been disregarded.
- vi) That the order defining CFA's powers is obeyed exactly in every instance, wherever CFA is vested with powers which are expressed in precise terms.
- vii) That undue advantage is not taken of the provisions of any orders where under the rule is issued.

- viii) That the sanction is definite and thus needs no reference either to the sanctioning authority itself or to any higher authority.
- ix) That the case requiring the sanction of the higher authority has not been sanctioned in instalments by a lower authority.
- x) That the sanction has been received from or through the sanctioning authority.

All the points mentioned under the points to be seen while auditing various types of sanctions mentioned above under this chapter are related to one another, therefore, as such can be applied.

207. **Maintenance of Specimen Signature Register & Guard File of Specimen Signatures**
 All sanctions are invariably issued under the signature of Competent Financial Authority. The Audit Section will maintain a record of specimen signature of all CFAs coming under their jurisdiction. Specimen Signature of sanctioning authority will be communicated to Audit Authority which will be recorded in Specimen Signature Register and in a Guard file. Any changes in incumbent will be noted in the Register of Specimen Signature.

208. **Audit check points for ‘Deposit Works’**
 It will be seen that:-

- (a) Funds to meet in full the estimated cost of the work and departmental charges has been paid before any liability is incurred;
- (b) Deposits in instalments, have been allowed with authorization by Government of India.
- (c) If it is found during the progress of the work that further funds are needed, these have been deposited before expenditure is incurred or liability committed in excess of amount already deposited. No advance of Govt. fund has been made.
- (d) No interest will allowed on amount deposited;
- (e) Expenses incurred on payment of legal charges on a/c of disputes with contractors or with the authority for whom the work is executed, any royalty or compensation for infringement of patent rights & any similar items of expenditure fairly contingent on the work including departmental charges thereon, have been recovered in addition to cost of work.
- (f) Specific condition that Government will not be responsible for any expense or loss due to stoppage of work pending receipt of further instalments has been duly accepted by the Agency;
- (g) Before the work is executed by BRO, the written approval and agreement to the conditions at Sl. No. (a) to (f) have been obtained from the authority for whom the work is being executed, together with an acknowledgement that the BRO authorities will not be responsible for unavoidable or reasonable delay, or excess due to unforeseen contingencies or alterations in design .

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Chapter-XII

PERFORMANCE AUDIT

211. Definition: Performance Auditing is a way of exercising control and obtaining insight in to the running as also outcome of different activities of an organisation/entity. It is based on the concept of Public Accountability which means that those in charge of framing policies and execution of the programmes are held responsible for the economic, efficient and effective functioning of such organisation/entity. The term Audit includes financial audit, regularity audit and performance audit. In pursuance of the constitutional responsibility, the CAG is empowered to decide the nature, scope, extent and quantum of audit to be conducted by him or on his behalf by all other authorities involved in Govt. Audit based on the Rules/procedures laid down and instructions issued from time to time

212. The performance audit involves audit of economy, efficiency and effectiveness in functioning of an organisation and it encompasses:-

- (a) Audit of the economy of administrative activities of an organisation in accordance with sound administrative ethics/ practices and management policies.
- (b) Audit of the efficiency in utilization of human, financial and other resources at the disposal of an entity including analysis of information systems, performance indices, monitoring methodology and procedures followed by an organisation for removing Identified deficiencies;
- (c) Audit of the effectiveness in performance of activities in an organisation in relation to the achievement of the targets.

Performance auditing is an independent assessment of the extent to which an organisation and its programmes operate efficiently and effectively with due regard to economy.

Economy is minimizing the operational cost in accomplishing an activity, without diluting its quality.

Efficiency is measured in terms of output achieved w.r.t the quantum of resource used to achieve it.

Effectiveness is the extent of achievement of the desired objectives by an organisation.

213. Objective of Performance Audit

The objective behind Performance audit is to bring about improvement in administration and accountability, economy, efficiency and effectiveness of an organisation. One of the main objectives of performance auditing is to assist the policy makers in exercising effective legislative control and monitor the policy objectives and their implementation.

214. Performance Audit & Regularity Audit

While carrying out the performance audit, it should be borne in mind that the objective, scope, nature of evidence and reporting methodology in performance audit are different from those in regularity audit. Some of the major distinguishing features of regularity audit and performance audit are as under:-

Features	Regularity audit	Performance Audit
Scope	<ul style="list-style-type: none"> · Generally covers a financial period (annual, biennial etc.) · Coverage is for the whole of the entity for the period; and · Time bound-audit to be completed by stipulated time 	<p>It encompasses a particular subject/programme over a period of time</p> <ul style="list-style-type: none"> · Focuses only on a part of the entity's activities/programme; and · Coverage if selective.
Objectives	<ul style="list-style-type: none"> · Attestation of financial accountability · Audit of financial system; · Existence and control for safeguarding of assets; · Evaluation of financial records; · Audit of propriety of administrative decision · Audit of internal control for safeguarding assets and completeness and accuracy of accounts; · Limited to financial matters · Test for assuring compliance to laws, regulations and rules and · Conclusion/opinion generally with reference to standardized requirements 	<ul style="list-style-type: none"> · Audit of economy, efficiency and effectiveness; · Audit of internal control that ensures economy, efficiency and effectiveness, ensuring adherence to management policies, timely and reliable financial and management information; · Extends to non-financial governance subjects also; · Assessment of compliance to applicable laws and regulations required in the context of audit objectives; and · Conclusions related to audit objectives set by auditors;

Evidence	<ul style="list-style-type: none"> · Financial statements per se, accounting documents etc. · Budgetary assumptions, and appropriation authorization etc.; · Transaction documents · Conclusive nature of evidence · Materiality by amount 	<ul style="list-style-type: none"> · Variety of forms of evidence · Quite often qualitative in nature · Persuasive rather than conclusive; · Evidence related to pre-determined audit objectives · Materiality guided more by the nature or by context rather than amount alone.
Academic base	<ul style="list-style-type: none"> · Generally accounting knowledge 	<ul style="list-style-type: none"> · Always knowledge base of laws, social science, economics, development studies, public affairs, science and technology etc.
Approach and methodology	<ul style="list-style-type: none"> · More or less standardized manual generally forms the basis. 	<ul style="list-style-type: none"> · Varies widely from subject to subject · Manual generally services as basic framework.
Assessment criteria	<ul style="list-style-type: none"> · Standardized (suitable to all audits) with little scope for subjectivity 	<ul style="list-style-type: none"> · Widely varying and subjective with ample scope for interpretations and assessment criteria support the audit objectives, which are unique to the subject of performance audit.
Report	<ul style="list-style-type: none"> · Opinion on the financial statement; · Opinion on compliance to laws, regulations and rules · Generally opinion on financial statements in standardized format; · Specific requirements and expectations and; · Related to specific financial periods- there is a periodicity of reporting. 	<ul style="list-style-type: none"> · Reports/conclusions on economy and efficiency with which the resources are acquired and used and the effectiveness with which the objectives are met; · Report containing assessment of economy, efficiency and effectiveness may be presented in variety of forms · Widely ranging in nature, open to interpretations and subjective judgment; and · Generally separate publication on each

		subject of performance audits as and when conducted.
Overlap	Financial audits do not generally include the elements of performance audit	There can be overlap in the sense that the performance audit may encompass techniques/methodologies applied to financial audit.

215. Criteria for Performance Audit

215.1. Audit criteria are reasonable and attainable standards of performance which act as benchmarks against which economy, efficiency and effectiveness of programmes and activities of an organisation can be assessed. These reflect a rational control model for the subject matter under audit. These represent good practice - a reasonable and informed person's expectation of 'what should be'. When criteria are compared with what actually exists (what is), audit findings are generated. Meeting or exceeding the criteria might indicate the 'best practice', but failing to meet the criteria would suggest that scope exists for improvements.

215.2. Characteristics of good criteria

Criteria set should be such as to enable the performance auditors assess the activities being subjected to audit and to achieve the audit objectives. Since criteria are crucial to developing audit findings and therefore, addressing the audit objectives, they should be such as to be generally acceptable. Some characteristics of suitable criteria include:

- (a) **Reliability:** reliable criteria facilitate consistent conclusions when used for assessment in the same circumstances;
- (b) **Objectivity:** Objective criteria are free from any bias of the auditor or management of the entity;
- (c) **Usefulness:** useful criteria result in findings and conclusions that meet users' information need;
- (d) **Understandability:** criteria are clearly spelt out and are not open to significantly different interpretations;
- (e) **Comparability:** comparable criteria are consistent with those used in performance audit of other similar agencies or activities and with those used in previous performance audit;
- (f) **Completeness:** completeness refers to the development of all significant criteria appropriate for assessing performance in the given circumstances;

(g) Acceptability: acceptable criteria are those to which the audited entity, legislature, experts in the field, media and general public are generally agreeable. The higher the degree of acceptance of the criteria, the more effective would be the performance audit.

215.3. Importance of criteria in performance audit

Criteria can perform a series of important roles to assist the conduct of performance audit, as these can:

- Form a platform for communication within the audit team and with CGDA/PCDA concerning the nature of the audit and the audit findings;
- Form a basis for communication with the Executives in that the audit team will often solicit understanding of executives and their concurrence with the criteria and eventual acceptance of audit findings in the light of those criteria;
- Link the audit objectives to the audit test programmes carried out during the implementation phase;
- Form a basis for the data collection phase of the audit, as also to enable building of procedures for the collection of audit evidence;
- Provide the basis for audit findings and also assist the form and structure to audit observations.

The extent to which criteria can succeed in serving the above objectives is often determined by their level of details. General audit criteria are developed during the course of preliminary study. As the preliminary study progresses, these criteria are usually expanded and made more specific. By the end of the preliminary study, the criteria should be in the form of sufficient details to form basis for the implementation stage of the audit, particularly in the development of specific audit programme.

It may be too ideal to expect that activities, systems or levels of performance relating to economy, efficiency and effectiveness will always fully meet the selected criteria. It is important to appreciate that satisfactory performance does not mean perfect performance but is based on what a reasonable person would expect, taking into account given circumstances in which an organization is operating. The general target would, however, be to attain the highest-level of performance.

216. Contents of the report

216.1. The contents of the report should be consistent with Auditing Standards and should:

- Contain title, signature and date, objective and scope of audit, particulars of addressee etc;

- Be complete in all respects;
- Identify the subject matter viz. areas of performance audit and basis of audit.
- Provide assurance that audit has been carried out in accordance with generally accepted procedures in compliance with the standards;
- Be rendered timely.

216.2 Structure of the report

The performance audit report should be presented as per the following structure:

- **Title:** the subject of the performance audit,
- **Highlights:** major audit findings either in the sequence of their materiality or in the same sequence as the audit objectives and sub-objectives;
- **Recommendations:** While recommendations may be included at various places in the report in different contexts, all major recommendations should be presented together. Ideally, all facts/figures/evidence, audit findings and conclusions included in the report, should have been accepted by the executives by the time the final report is prepared.
- **Introduction:** consisting of a brief description of the subject of study, information on audit programme/activity/institution, its objectives, inputs, implementation structure, expected outputs and outcome, etc. The introduction should be brief, yet sufficient to enable the reader understand the context of the programme;
- **Scope of audit:** scope of performance audit in terms of the period of the programme covered in audit and segments of the programme audited should be set out precisely;
- **Audit objectives:** are the pivots of the performance audit, which set out the reason for undertaking the audit. The entire exercise of performance audit is built around the audit objectives. These should, therefore, be stated in simple and clear terms. It is useful to set out the audit objectives and sub objectives within each audit objective in the form of complete statement/question;
- **Audit criteria:** to arrive at the audit findings and conclusions with reference to each audit objective and sub-objective which should be stated with appropriate explanations;
- **Audit methodology:** used for data collection/evidence-gathering and testing may be stated in brief. This adds to the acceptability of the audit findings and forms a statement for transparency of the audit procedure;
- **Audit findings:** in respect of economy, efficiency and effectiveness should be presented in a logical manner, preferably in the same order as the statement of the audit objectives. Conclusions, recommendations and impact (outcome) analysis: with reference to each audit

objective should be stated, preferably immediately following the audit findings. The completeness of the report enhances if recommendations(s) with respect to each conclusion is/are kept together with the conclusions. Distinctiveness between the conclusions and recommendations may be achieved through formatting techniques;

- ***Lessons learnt and sensitivity to error signals:*** Under this caption significant audit findings on sensitivity and effectiveness of the internal control system to ensure that the management recognized major causes of underperformance brought out in internal or external studies/reports, including past audit reports and the remedial measures may be included. Also the audit findings on the sensitivity of the management to various error signals generated through internal inspections, evaluations, media reports, complaints, study by interest groups, etc. and effectiveness of the action taken may also be included.
- ***Acknowledgement:*** it may be useful to indicate or acknowledge in brief the co-operation, acceptance of the criteria/findings and recommendations by the executives. In case the co-operation or response was not forthcoming at any stage, it may be indicated if it has resulted in any limitation along with its implication and the special efforts made by the auditing authority to seek cooperation or response. Care should be taken to state such aspects as a matter of fact rather than giving an impression to convey any accusation;
- ***Graph, charts, diagrams, photographs, etc.:*** Audit Authorities should illustrate the audit findings with the use of graphs and charts and improve the presentation of the analysis and findings. Photographs can be used as evidence to corroborate evidence.
- ***Glossary of terms:*** explaining all technical and uncommon terms used in the report that need to be explained.
- ***References for bibliography:*** containing reference to all published material utilized in developing the reports.
- Impact evaluation against the expected impact of each performance audit and collectively for all performance audits conducted by the Auditing Authority shall be carried out annually;
- The impact evaluation will be carried out with reference to the recommendations accepted and implemented.

217. Critical technical issues in performance audits

Fundamental principles

- Performance audit is an assessment of efficiency and effectiveness of the programmes, with due regard to economy;
- Addresses the issues: inputs, processes, outputs (products) and outcome impact;

- Apart from the question whether the things are being done the right way, it also addresses the question of whether the right things are being done,
- Performance audit also addresses the issues of equity and ethics, which impacts one or more of the core concerns of economy, efficiency and effectiveness;
- Distinction between regularity and performance audit should always be kept in mind;
- Performance audits are undertaken with the objective of improving performance of an organisation and, therefore, an assessment of the expected impact-qualitative as well as quantitative, must be made before undertaking the audit;
- The area selected for performance audit could be a programme, segments of a programme - including the processes, procedures and systems, an organisation itself or parts of an organisation etc.;
- The subjects of performance audit could be financial, non-financial or of public interest and governance issues;
- The subjects selected for performance audit should include cutting edge issues that form the core of governance ;
- Performance audit can be carried out posteriori or concurrently;
- Performance audit uses many techniques used in programme evaluation;
- While the performance audit may and should assess the implementation of the policy through one or more programmes, the scope of audit should be limited to assessing the impact of the implementation of policy and the policy per se should not be questioned;
- Performance audit being knowledge-based exercise, in which conclusions emerge from interpretations, calls for special skills, knowledge and competence of the audit personnel.

218. Detailed guidelines for conduct of audit

- The detailed guidelines for conducting audit will consist of all information and documents required for complete understanding of the organisation, besides the audit objective, criteria, types and sources of evidence to be gathered, audit test programme, delineation of duties and responsibilities amongst members of Audit Team and supervisors, progress reports, etc;
- The implementation guidelines should be such as to address all issues designed in the prescribed structure;
- Unless authorized by general or special order, the performance audit guidelines will be approved by CGDA/PCDA.

219. Audit evidence for testing against criteria

- All data and evidence to be gathered will, as far as possible, be pre-determined with reference to each criterion, which are intrinsically linked to each audit objective or the sub-objective;
- The sources and location of data / audit evidence and method of gathering it shall be determined in the audit implementation plan;
- Evidence in support of each audit finding will be tested in a fair manner on the standards of relevance;
- The secondary evidence viz.. surveys, photographs, physical inspection etc. should be corroborative and should not form the only basis of audit finding, unless accepted by the organisation ;
- PCsDA need to identify secondary/ corroborative sources of evidence and establish means for gathering them.
- They may also determine approach and methodology for physical verification in programmes in which asset verification and beneficiary survey are crucial inputs to establish the actual service delivery or the output and the quality of output/delivery. While nothing prevents physical verification by audit team, the question of credibility and acceptance should also be taken into account, since physical verification by audit team may, sometimes, be contested later as incorrect. Some of the methods that could be considered are joint physical inspection with attestation from both sides, survey by reputed agencies, etc.

220. Sampling

- The audit findings should be based on objective sampling and the sampling techniques used should be disclosed;
- As far as possible, statistical sampling techniques should be used;
- Assistance of statistical adviser could be sought where required;
- Adequate sample should be selected to generalize the audit findings and to meet the standard of sufficiency.

221. Audit findings

- Audit findings should be developed on the basis of audit checks carried out on the sample;
- Audit findings should be in the context of the audit objectives and criteria;
- The causes of under performance should be determined to enable the executives to take remedial measures; and

- All evidence used for audit findings should be tested in a fair and transparent manner on the standards of relevance, competence and sufficiency and the basis, on which the satisfaction of fulfilling the standards is established, should be documented in the working papers.

222. Recommendations and follow-up procedure

- All audit reports must contain recommendations arising out of audit findings along with basis there of;
- As the performance audit revolves around the audit objectives, the follow-up procedure is built around the recommendations and the impact of performance audit is measured on the basis of implementation of the recommendations;
- Follow-up procedure is conducted with reference to the nominal information on the implementation of the recommendations and the quality of implementation of recommendations through a more detailed follow-up audit.

223. Publication of Report

- Stand-alone volume for each performance audit report;
- Deviation from this only with authorization; and
- Performance audit reports prepared and presented as per pre-determined schedule.

224. Reporting procedures

- The reporting covers all types of reporting such as discussion papers, audit observations, field audit reports, draft performance audit report and the final report;
- Same standards should be applied on all forms of reporting, except that the discussion papers, audit observations and field audit reports which will contain more detailed information;
- Lower levels of reporting viz. discussion papers, audit observations, etc. should be written keeping the objective of next level of report and the final report in view;
- The reporting should be strictly accountability-centered style by designation only,
- The prescribed structure of performance audit reports should be followed meticulously.

225. Performance Audit of BRO

225.1 Border Road Organisation being a work charged establishment all expenditure including Pay & Allowances of GREF Officers/Personnel and Army Officers/Personnels are debitible to the respective Jobs on which they are deployed .Similarly, expenditure on account of CPL wages, POL, and consumable stores are also debitible to the respective Jobs as per their deployment/utilisation. As such in addition to audit of stores accounts & Inspection of Cash

accounts of different Units and Formations , the audit of financial account should also be carried out with reference to deployment of human resources , utilization of V/E/P , consumption of stores, Post contract management vis-à-vis physical and financial progress of various on going Jobs within the assigned target and budgetary provisions. This is a '**thrust area**' which comes under the purview of performance Audit and Audit against propriety of lower Units/Formations of Border Road Organisation.

225.2 Audit against Propriety :- Audit against Propriety is an essential and inherent function of audit to bring to light not only cases of clear irregularities, but also every matter which appears to involve improper expenditure or waste of public more/or stores, even though the accounts themselves may be in order and no obvious irregularity has occurred. Such audit is called 'Propriety Audit'. Propriety Audit extends beyond the formality of the expenditure to its wisdom, faithfulness and economy. It is to be ensured that broad principles of orthodox finance are borne in mind. 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 financial administration and of devotion to the financial interests of Government as briefly provided in Rule 21 of GFR read in consonance with code 28,29 (and note there under) of Defence Audit Code. Briefly the spirit which should animate propriety audit is explained as below:

In place of examination of authorities and rule, the work should be conducted with greater regard to the broad principles of legitimate public finance. Audit will not only see whether there is quoted authority for expenditure but also investigate the necessity for it. It will ask whether individual item were in pursuance of the scheme for which the budget provided, whether the same results could have been obtained with greater economy, whether the rate and scale of expenditure were justified in the circumstances.

226. Scale Audit :- During performance audit, scale audit of human resource will carried out with reference to para-131.3 of Chapter VIII

During performance audit it will be seen that :-

- (a) Total nos of officers shown on the posted strength is as per authorization for the particular BRO Unit/formation;
- (b) Authorization made is commensurate with the assigned target and allotted budget;
- (c) Scope for booking of pay & allowances of posted strength of GREF officers/person and Army officers/personnel are available against the ongoing Jobs/assigned target as well as budget allotment provided during the financial year;
- (d) That no excess booking of Pay & allowances has resulted from posting/ deployment/ attachment of more human resource beyond the scope of the work ;
- (e) That quality of work has not been compromised/delayed during the execution of Jobs due to less-deployment/non-posting/shortage of human resource ;
- (f) That no Job is over burdened due to deployment of excess human resources or excess posting of human resources in a BRO Unit/formation.
- (g) That proforma expenditure on account of 'clothing item' has been booked against the Job as per actual deployment and within the scope of TS/RTS provision only;
- (h) Expenditure on account of Common Service Units have been booked to various ongoing Jobs proportionality at regular intervals;
- (i) Expenditure on account of Pay & Allowances of Army Officers/Personnel have been booked against the respective Job(s) as per their deployment at Capitation rates.

[Note : Excess posting over authorization/beyond the scope of Jobs comes to notice to the internal Audit officers will be immediately brought to the notice of higher authority so as to raised the issue upto level and action to get the excess officers/personnel posted out]

227. Audit of deployment of CPLs and financial booking of expenditure thereon :-

Audit will see that :-

- (a) Sanction of the Competent Authority for deployment of CPLs exists and within the scope of TS/RTS provision of the concerned Job(s) ;
- (b) The Job No/ area/sector where CPLs deployed are clearly indicated in the sanction.
- (c) The CPLs have been deployed against sanctioned Job(s) only;
- (d) The expenditure on account of CPL wages have been booked to Job(s) as per sanction and their actual deployment only;
- (e) CPLs sanctioned for particular Job(s) are actually deployed on the same Job(s) and expenditure on account of their wages booked against that Job(s) only. Any deviation from above principle will be put under Objection. [actual deployment of CPLs may be linked from MPR prepared by RCC/BCC & financial booking of expenditure may be linked from the Job-wise Construction Account maintained by concerned AO TF];
- (f) Deployment of CPLs against a particular Job, as reflected in the MPR, is in conformity with the physical progress of the Job;
- (g) That deployment of CPLs is in conformity with authorized scale of deployment of GREF Officers/personnel, Army Officers/personnel;

228. Utilisation of V/E/P, consumption of POL and booking of expenditure thereof & booking of proforma expenditure on account of ‘usage rates’ of V/E/P:-

Audit will see that :-

- (a) V/E/P has been deployed/utilised based on the actual requirement of a Job during its execution and within the scope of TS/RTS only;
- (b) V/E/P have been utilized to its optimum level;
- (c) No V/E/P was lying idle for a considerable period of time ;
- (d) Consumption of POL and expenditure thereon have been booked in conformity with V/E/P Utilisation Report;
- (e) Proforma charges on account of ‘usages rate’ of V/E/P have been booked against various on going Jobs as per the Utilisation report and scope provide in the TS/RTS;

229. Consumption of stores and financial booking of expenditure thereon :-

Audit will see that :-

- (a) Stores procured and incorporated against a particular Job/Jobs are in conformity with the TS/RTS provisions of the Job/Jobs;
- (b) Stores procured against a Job have actually been consumed/incorporated to that particular Job only;
- (c) Stores procured against a Job have not been consumed/ transferred to some other Jobs without proper sanction of the competent authority;
- (d) Stores procured against a Job is not lying unutilised for a considerable period of time;
- (e) Stores having self life have been consumed within its prescribed life only;
- (f) Stores have been procured as per the ground reality and not merely to exhaust the allotted budget and provision catered in the TS/RTS;
- (g) Financial booking of expenditure has been made against the Job as per actual consumption only;
- (h) Physical and financial progress has been shown in conformity with consumption of stores;

230. Post contract management in relation to performance audit.

The essence of contract lies in according top priority to Post-award Contract Management. Post (award) Contract phase begins with the Contract administration/management. In general the terms of contract must be precise, definite and without any ambiguities. The terms should not involve an uncertain or indefinite liability, except in the case of a cost plus contract or where there is a price variation clause in the contract. Standard forms of contracts should be adopted wherever possible, with such modifications as are considered necessary in respect of individual contracts. The modifications should be carried out only after obtaining financial and legal advice. The purpose of Post (award) Contract management are to :-

- Protect the Government Interest.
- Avoid or eliminate overlapping and duplication.
- Ensure smooth progress and completion of the contract till the final delivery, acceptance and payment.

231. Post –Award Contract Activities generally involve compliance of contractual obligations as per terms & conditions of the contract by both the parties which encompass the following:

A. Acceptance of the contract by the contractor within the specified time limit and ensuring SD/Performance Guarantee by furnishing a Security Deposit in the form of, preferably, Performance Bank Guarantee and deposition of requisite papers and certificates , if any, e.g. NSIC certificate, Taxes clearance certificate, Capacity verification certificate, Lab Test certificates, Pre-Receipt Challan of refund of EMD and any other relevant document which the firm wishes to submit.

B. Amendments to the contract already concluded, which become essential under certain circumstances when one of the parties to the contract requests for the same contents and/or terms and conditions of the contract.

232. Audit Checks for post- award contract management for Procurement of Stores through Supply Orders

Points to be seen on cases of Central Procurement (Rate contract through DGS&D etc.) and local purchases are more or less common which are as follows:-

- i) It is to be seen that standard Forms have been used for amending the contract. If not used then Legal & Financial advice have been sought
- ii) It is to be seen that contractor has given his unconditional acceptance to the contract with in the period stipulated for the purpose.
- iii) It is to be seen that the contractor has deposited the requisite security with the competent authority as per terms of the contract document with in requisite period.
- iv) If the amendment to the name of firm has been carried out, it should be seen that no liabilities were outstanding against the old firm and that the new firm is registered with the competent authority.
- v) Amendment to the contract involving change in the method of delivery & packing has not in any way either affected the quality of supplies due to inferior packing material etc. or have entailed extra expenditure to the State.
- vi) Change in time & mode of delivery, if done at the instance of the vendor, has not proved dis advantageous to the state in terms of extra transportation charges and that changes in terms of time factor has not affected progress of work for which stores were meant.
- vii) That the Change in F.O.R or in the name and address of D.D.O was really warranted in the circumstances existing at that time and has not resulted in to any undue financial benefit to the contractor.
- viii) Quantity has not been amended for the reasons that contractor is unable to supply the full quantity. In case of short supply, penalty clause has been invoked.
- ix) If any change in drawings/designs has been done, it would be examined to see that specific clause for such amendment existed in the contract, as such amendment in the drawings/designs can be done in case of Single (proprietary and resultant) Tender only and at the time of actual execution of the work and pro-rata financial implications have been worked out appropriately.
- x) Tender Samples have been submitted on 'Freight Paid' basis and Samples sent on 'Freight to Pay' basis has not been accepted.
- xi) In the cases involving **extension of delivery date**, it has been noticed that in some cases even after expiry of delivery schedule stipulated in the contract and without extension of time granted by the purchaser, the consignees keep on exchanging

correspondence with the suppliers and thereby keep the contract alive. This may result in serious legal complications if it is intended to cancel the contract. It has also been noticed that even the materials are being accepted and payments are released as and when the supplier makes the supplies. There is utter disregard to the contracting norms relating to delivery period, which is the essence of the contract. It should be seen that after expiry of delivery period, no undue exchange of correspondence has been done with the supplier. Generally, the purchaser extends the delivery period of the contracts. However, in some cases it was recorded that the 'Supplier' has extended the delivery period of the contract. It should be seen that delivery period has been extended on bona-fide request of the supplier/contractor and not in a routine and casual manner. Sometimes Liquidated damages / Penalty clauses are not incorporated for imposing the penalty in case of failure of the suppliers to deliver the equipment within the stipulated schedule. The suppliers quote short delivery period and in absence of deterrent conditions in the contract, manage repeated extensions. In case of delay in supplies by the supplier, the liquidated damages to the extent possible need to be recovered. Also in case of delay attributable on the part of the supplier, the L/ C extension charges should be charged to supplier's account. After conclusion of the contract, any relaxation in the contract terms / specifications should be severely discouraged. However, in exceptional cases where the modifications/amendments are considered to be absolutely essential, the same should be allowed after taking into account the financial implications for the same. To ensure the same, the following points should invariably be seen:

- a. While amending the date of delivery, the options like extension in delivery date, re-fixing of delivery date, cancellation of the contract etc. have been weighed from the point of view of their viability and a judicious view has been taken without extending undue financial benefit to the contractor. Also various indices such as the time factor required for making purchase from alternate sources, scope for arranging supply earlier than the period of extension granted at cheaper rates from alternative sources, and whether the indenter could have afforded to wait to take advantage of lower trend in prices without affecting progress of work etc.
- b. Reasons put forth in request by the firm for extension of delivery were justified.
- c. The information such as name of the firm, qty ordered, original period given for delivery, earlier DP extensions, if any, have been taken in to consideration carefully.

- d. The period of extension granted by the authorities is in commensuration with reference to original DP and is not too inflated..
 - e. That extension has been granted with imposition of LD charges. In case extension has been granted without imposing LD, whether circumstances leading to non-delivery of stores within stipulated period were beyond the control of the supplier or the delay has been caused by factors where the purchaser had any obligation such as providing import licence, materials or facilities etc. for production.
 - f. The user has not suffered any actual or potential loss due to delay in supply of stores.
 - g. Performance Bank Guarantee was valid during the course the contract as amended was in operation.
 - h. At the time of causing amendment in the date of delivery, the user requirement has been reviewed for necessity of stores so as not to render the same as infructuous.
 - i. The vendor has not delayed delivery of stores in anticipation of downward trend of prices so as to derive undue financial benefits.
 - j. The State has not been made liable to pay additional taxes/duties/levies during the extension period.
 - k. If the firm's request for DP extension was due to force majeure clause, it needs to be verified that such clause is included in the supply order/contract.
 - l. The contract as amended is within the delegated financial powers of CFA.
- xii) If payment terms involved extension in the Letter of Credit, whether:
- a) Extension in LC corresponds to latest date of shipment.
 - b) Performance Bank Guarantee (PBG) furnished by the contractor was valid corresponding to LC extension.
 - c) Charges for LC extension has been borne by the party on delay was attributable.
- xiii) Changes in terms of inspection has not in any way dilute the benchmarks in terms of quality and also should not entail extra expenditure to the Buyer.
- xiv) Normally, there should be no change in billing and payment terms Post award of contract. If at all, the same is warranted, it may be ensured that no extra expenditure is involved to the state.
- xv) that delivery period has been extended on bona-fide request of the supplier/contractor and not in a routine and casual manner and a specific request from the firm has been received in advance.

233. Termination of contract:

In case the contract has been terminated, it is to be seen that one of the following situations existed which warranted termination:-

- (a) The supplier had failed to honour any part of the contract including failure to deliver the contracted stores in time and there was no other remedy available except for termination of contract.
- (b) The contractor is found to have made any false or fraudulent declaration or statement at the time of getting the contract or the contractor is found to be indulging in unethical or unfair trade practices subsequent to acceptance of contract.
- (c) where both parties had mutually agreed to terminate the contract, the State has not been put to any disadvantage .
- (d) The item offered by the supplier was failing repeatedly during the inspection and the supplier has not been found in a position to either rectify the defects or offer items conforming to the contracted quality standards.
- (e) Special circumstances, if any, has been recorded to justify the cancellation or termination of a contract.
- (f) BG encashment clause, where required, has been invoked.
- (g) Legal advice, where necessary, has been sought for cancellation of Contract.

234. Risk and Expense Purchase: In case Risk & Expense clause has been invoked, following points are to be invariably seen:

(a) The supplier has failed to honour the contractual obligations within the stipulated period and extension of delivery period was not approved by the CFA to avoid any potential loss to the State.

(b) Before invoking Risk & Expense clause against the supplier, adequate and proper notice has been given to the supplier in this context

(c) The supplier has been informed before hand to bear additional liability, if any, incurred by the Government, if any, over and above the contracted amount.

(d) At the time of giving notice to the contractor for invoking Risk & Expense clause, the method of recovering such additional amount has been clearly spelt out.

235. Price variation adjustment: In case there was a Price variation clause in Tender enquiry and the price adjustment has been carried out at the execution stage, it is to be seen that:-

- (a) Due date of opening of Tenders has been taken as the Base date for carrying out price adjustment .
- (b) Date of adjustment had been ensured to be the midpoint of Manufacture.
- (c) Price variation clause has been invoked only if the resulting increase or decrease is more than 2% of contract price.
- (d) Price increase has not been allowed beyond original delivery period unless the delay is attributable to the buyer.
- (e) Total price adjustment carried out under price variation clause has not exceeded 10% of contract price.
- (f) No price adjustment benefit has been paid on the portion of contract price which has been paid to the contractor as an advance payment.
- (g) Base price of raw material should be that of a canalizing agency wherever available for the purpose of PRV clause.

236. Exchange Rate Variation (ERV) reimbursement: In case delivery period is re-fixed/extended, it is to be seen that:

- (a) ERV is not made admissible if DP is extended owing to the default of supplier.
- (b) The base date taken for ERV is the date on which contract came in to force.
- (c) Variation on the base date has been given upto the midpoint of manufacture unless firm has already indicated the time schedule within which material will be exported by the firm.
- (d) Exchange Rate Variation re-imburement has been made on the basis of following documentation :-
 - (i) A bill of ERV claims accompanied with worksheet.
 - (ii) Banker's Certificate/debit advice on FE paid & Exchange rate.
 - (iii) Copies of import orders placed on the suppliers.
 - (iv) Invoice of supplier for the relevant import orders.

237. POST (AWARD)- WORKS AND SERVICES CONTRACT MANAGEMENT

237.1 Scrutiny of acceptance order

It will be seen that the Acceptance of the contract by both the parties has been done with in the specified time limit and conditions of Performance Guarantee by furnishing a Security Deposit , preferably in the form of Performance Bank Guarantee and deposition of requisite papers and certificates, if any, by the contractor has been completed.

1. The acceptance order has been signed by the Accepting Officer personally;
2. endorsement is made specifying the name, rank and designation of the officer authorised to sign the other documents forming part of the contract (i.e., documents other than CST the acceptance order and the acceptance letter);
3. the dates of acceptance of Contract Agreement as shown in acceptance order and the acceptance letter agree;
4. the amount shown in the acceptance order agrees with that shown in the CST and the acceptance letter;
5. that the amount accepted is correct.

237.2 Scrutiny of acceptance letter

It will be scrutinised to see that:

- I. the acceptance letter has been worded properly as per type of contract accepted and is personally signed by the accepting officer;
- II. the acceptance letter has been signed in ink;
- III. there is no undue delay in acceptance of the contracts after the date of receipt of tender.

237.3 Scrutiny of Amendments to Work Contracts

Amendments to the contract agreements are required to be scrutinised by the PCDA/CDA/JCDA/Accounts Offices (P/TF). These amendments are made in the form of an Annexure to the original contract. These annexures are page numbered in continuation of the original numbering in the contract agreement and such additions are noted on page 1. During the course of Audit Checks, it is seen that:

a. Amendments subsequently made to a work contract are in order and have been necessitated by administrative reasons.

b. The powers of acceptance of contracts have not been exceeded. In case an amendment has led to the value of contract going beyond the powers of the accepting officer, the approval of appropriate higher CFA has been sought.

c. Original and duplicate copies of all the amendments and deviations in respect of the contracts concluded by Task Force/ Units, have been forwarded by to the IFA/Accounts Office (Original amendments will be retained by IFA/Accounts Office in their custody while the Duplicate once duly paired returned to the CFA).

d. The amendment has been carried out on proper form and has been signed by both the parties to the contract.

e. No amendment to a contract has been accepted after the contractor has signed the final bill without any reservation (i.e., with a clear no claim certificate);

f. In the case of running or Term contracts for minor works, maintenance services, supplies, etc.; no amendment has been made after the expiry of the period covered by the contract;

g. Sanction of the next higher authority and financial concurrence of IFA/AO has been obtained in case of amendments involving enhancement in contract rates;

h. In the case of amendments involving enhancement in rates, the reasons advanced are justified.

i. In case of amendments providing for issue of stores to the contractor (other than those listed in schedule 'B'), the recovery rate for the stores has been fixed at the stock book rate prevailing on the date of issue or the market rate, whichever is higher.

237.4 Scrutiny of Star Prices:

Rates for certain item of works not covered in stock book rate/ contract rate have to be deduced by the executives. These are called Star Rates. It will be seen that:

a. Star prices have been checked by SW before approval;

b. The final effect has been indicated and CE has approved these rates with concurrence of IFA concerned;

c. In cases where the item of work for which star rates have been fixed could not be priced by working prorata from the contracted / SSR rates, with advantage, it will be seen that analysis of rates have been carried out;

d. The Engineer officer has endorsed a certificate to the effect that he has verified the original vouchers;

e. If the star rates for similar items have been fixed in some other contracts, the star rate under scrutiny has been worked out in similar manner and does not contain any items in the analysis which may have resulted in extra payment to the contractor.

237.5 Scrutiny of Deviation Orders(DO)

During the performance of works under a contract, material improvements may suggest themselves which make it necessary to carry out deviation on the contract within the scope of works . During the course of Audit Checks, It will be seen that:-

a. The D.O is within the terms of the contract and has not resulted in to changing the scope of the contract;

- b. The work ordered on the D.O was contingent upon the work which had already been defined in the contract agreement;
- c. The reasons mentioned for ordering deviations are such as to justify its necessity;
- d. The D.O has been issued on IAFW-1823 (Revised); in writing before the commencement of work;
- e. The D.Os bear consecutive serial nos; (i.e one series both for work orders and deviations orders with No. 1 allotted to the work order);
- f. Prior 'approval in principle' to the Deviation Order has been obtained from the Accepting Officer or by the officer to whom such powers have been delegated and that Approval in principle has been quoted as authority on the D.O. In case prior acceptance not obtained, it will be seen that contractor's attention had been drawn to the relevant conditions of the contract whereby he was required to file his objections with the CFA within 07 days of the receipt of the D.O. by him;
- g. The D.O has been signed by the contractor in token of his acceptance and brief description of work ordered is mentioned against Col.1 of the D.O. IAFW 1823(R);
- h. Every D.O is supported by details of work, giving firm quantities, wherever possible to do so, without delaying its issue;
- i. Firm rates have been inserted in the D.O and where this was not possible till the execution of work, the method of arriving at the rate has been mentioned in the D.O. and the method of pricing has also been stated;
- j. In the case of direct billed DO's, the units/rates/quantities in the DO and the lump-sum, against which deviations have been billed, are correct;
- k. All special rates (Star rates/proportional rates) have been checked by the SW not below the rank of AEE authorised by the CFA to carryout necessary technical check and have been approved by the competent authority;
- l. Where pro-rata rates have been adopted, the analysis of such rates has been furnished with the D.O and the rates have been checked by SW/AEE authorised by the CFA to carryout necessary technical check and approved by the CFA;
- m. The financial effect of the DO; the breakup of the value of work ordered on the contractor up to and inclusive of the D.O under scrutiny, separately for measurable/bill direct amounts, as also total value of work ordered is arithmetically correct;
- n. The D.O has not resulted in the value of the contract exceeding the amount of administrative approval and technical sanction beyond the permissible limit;
- o. The limit of deviation laid down in the contract has not been exceeded;

- p. In cases of contracts, accepted by commander Task Force, the approval of the next higher authority has been obtained where the ordering of work to the maximum permissible deviation limit has resulted in enhancing the powers of acceptance of Commander Task Force;
- q. Covering D.Os have not been preferred as a matter of course;
- r. The D.O has been approved by the officer who has accepted the contract or by the officer to whom such powers have been delegated and technically checked by S.W not below the rank of A.E as authorised by CFA;
- s. A large number of items have not been included in the D.O unless these were complementary or supplementary to one another.
- t. In case of D.Os relating to the extension of time for which the work remained suspended, prior approval of C.E has been obtained and that D.O for extension of time is limited to the period of suspension.

238. AUDIT OF POST (AWARD) SERVICES CONTRACTS MANAGEMENT

General

238.1 Works on the construction of roads will normally be carried out departmentally by the units and formations in the G.R.E.F. In exceptional cases BRO may outsource certain services in the interest of economy and efficiency as per the guidelines prescribed, detailed instructions and procedures issued for this purpose by the DGBR. These services may be of the following nature :

- a) external professionals for consultancy in
 - i. Earth work and formation cuttings;
 - ii. Surface works;
 - iii. Protective works like construction of retaining/breast walls, small culverts/cause ways, drains and parapets walls.
 - iv. Bridging etc.
- b) Consultants for a specific job even by nomination;
- c) Management contracts (handling etc.)
- d) Turnkey works or agreements for maintenance of equipment, provision of services ; and
- e) Hired transport services including Mules/pack animals

238.2 **Audit Checks for Post(Award) Service Contracts:**

The general audit checks for the Post (Award) Service Contracts may remain more or less similar to the checks mentioned in procurement of goods and work & services contracts. It may be ensured in audit that:

1. there is no wide variation in the labour, technically sanctioned and actually deployed against the work.
2. There is no under utilization of Labour/Pioneers.
3. The labour – pioneer ratio is maintained as authorised.
4. It should be ensured in audit that no fictitious payments are made on muster rolls.

In the case of contracts concluded for supply of broken stones and sand etc., it should be seen in the audit that being Principal Employer the following is ensured:-

- a) The statutory and contractual obligations have been complied with e.g. Contract Labour(Regulation & Abolition) ACT 1970, Minimum Wages Act, Workmen's Compensation Act, Taxes & statutory levies and other labour laws.
- b) Contractor is still holding a valid license.
- c) Minimum Wages are provided to be paid, preferably, directly in to the labourer's Bank Account.
- d) In case of retrospective revision of Minimum wages a mechanism has been devised to ensure that the benefit reaches to the original worker.
- e) Except for non-profit earning individuals or Agencies, all other contractors have quoted basic minimum profit/administrative over heads to ensure payment of minimum wages to workers.
- f) Principal Employer's Registration has been done as per the instructions issued by the CGDA.
- g) Payments have been duly endorsed by the labour officer/commissioner.
- h) Maintenance contracts are especially needed for sophisticated and costly equipment and machinery. It may however be seen that the equipment /machinery is maintained free of charge by the supplier during its warranty period or such other extended periods as the contract terms may provide and the paid maintenance should commence only thereafter.
- i) Such maintenance Contracts generally include Buy-Back Offer clause to replace an existing old item(s) with a new and better version, it is to be seen that such provisions are strictly adhered to.

239. Project Monitoring: Where ever revenue spending is in the nature of a project (e.g. Turn key/ Build Own and Transfer) with diverse elements like civil works, manpower induction, testing/evaluation, erection and commissioning warranting synchronized action, ensure that a formal structure is put in place to review major physical & financial milestones with reference to PERT chart with a view to avoiding time and cost overruns. Following points should be seen:-

- (1) Implementation of the contract is being strictly monitored and notices issued promptly whenever a breach of provisions occurs.

- (2) Safe custody and monitoring of Bank Guarantees or other Instruments are being followed properly as per procedure laid down. Monitoring includes a monthly review of all Bank Guarantees or other instruments expiring after three months, along with a review of the progress of supply or work.
- (3) Extensions of Bank Guarantees or other instruments, where warranted, are being sought immediately.
- (4) Wherever disputes arise during implementation of a contract, legal advice is being sought before initiating action to refer the dispute to conciliation and/or arbitration as provided in the contract or to file a suit where the contract does not include an arbitration clause. The draft of the plaint for arbitration is being got vetted by obtaining legal and financial advice. Documents to be filed in the matter of resolution of dispute, if any, are being carefully scrutinized before filing to safeguard government interest.

240. Contract Closure

240.1 General

Contract closure occurs after:-

A) On Completion:- the contract is physically completed. A contract is physically completed when:

- The contractor completes all deliveries and the Government has inspected and accepted the goods and payment made and accepted; or
- The contractor has performed all services and the services have been accepted by the Government and payment made and accepted.

Or

B) Short closure/termination

- Due to insolvency, winding up or any breach of the contract by the contractor;
- When work has been abandoned or curtailed for any reason

240.2 Audit checks on completion of Supply of Stores:-

1. Inspection note duly certifying his satisfaction and acceptance is issued by the designated inspecting authority.
2. In case of rejection of stores or part thereof then the defects or deficiencies have been made good by the contractor.
3. Receipt vouchers or Certified Receipt Voucher for correct nos. and value are prepared by the “officer designate” on behalf of the purchaser.

4. In case of short closure owing to insolvency, winding up or any breach of the contract by the contractor, the SO is cancelled at risk and cost of the contractor and recoveries as per terms and conditions of the contract have been affected.
5. Short closure due to abandonment and curtailment are done as per the terms and conditions of the contract and the SO is cancelled immediately.

240.3 Audit checks on completion of Supply of services:-

1. Completion of Job/task and satisfaction is certified by the user.
2. Payment to the labourer is certified by the concerned labour commissioner/officer.
3. Short closure due to abandonment and curtailment are done as per the terms and conditions of the contract.

240.4 Audit Checks on completion of works:-

1. On completion of work, a completion report will be rendered on IAFW 2266A.
2. Part 'A' of the report is initiated by the Task Force Commander as soon as the work is physically complete, and transmitted in duplicate to the Accounts Office.
3. AO has done the verification and check, and forwarded the original to the Chief Engineer concerned in case of technical minor works.
4. In respect of all other works to the DGBR through the Chief Engineer, retaining the duplicate in his office for subsequent check.
5. Part 'B' of the report is completed as soon as the accounts of the work have been closed and forwarded to all concerned in the same manner as Part 'A'. A note that the completion report has been rendered is made in the construction accounts of the work concerned.

240.5 Miscellaneous

In addition to above the following points will also be seen in the area of post contract management during performance audit :-

(i) Contract for supply & stacking of Constructional materials :-

It will be seen that :-

- (a) Provisions for procurement of constructional stores through contract exist in the AA/TS/RTS of the concerned job;
- (b) Contract action for procurement of various types of constructional stores have been initiated based on ground reality and at different stage of physical progress of the work;
- (c) the stores procured through contract have been incorporated in the Job against which the contract was concluded;
- (d) all payments relating to the contract has been booked against the job for which the contract was concluded;
- (e) the CR Part-B of the Job has not been initiated before final payment of the contract is made;
- (f) Compensations, if any, recovered from the contractor has been credited to the job;

- (g) there is no overlapping of contract against same Job, same stretch and for the same item(s)/stores;
- (h) No undue advantage has been given to the contractor by allowing time extension beyond the scope of terms and conditions of the contract;
- (i) CFA has accorded approval in principle for granting time extension on a very legitimate ground only;
- (j) grant of repeated time extension to the contractor has not resulted in delay in execution of the Job and cost overrun ;
- (k) necessary certificate issued by the concerned department as regards to payment of Royalty charges have been produced by the contractor before releasing payment for delivered stores through RAR/Final Bill;
- (l) no time extension has been granted to the contractor for contracts concluded against IRMD/SRMD and maintenance works.

(ii) **Handling & Conveyance Contract :-**

In addition to various points mentioned above , it will also be reviewed by the performance audit team that :-

- i) the expenditure involved for Handling & conveyance of Cat-B stores has correctly been apportioned between the Jobs against which contract was concluded and stores have been transported;
- ii) transit loss has been born by the contractor;
- iii) no departmental vehicle or labour has been deployed for carrying/up-loading or down loading of stores;
- iv) cost of insurance and other statutory charges like entry Tax is not born by the department;
- v) the contract has not been concluded keeping the departmental resources idle.

(iii) **Execution Contract :-**

Apart from the above it will seen that :-

- (a) there is no overlapping of execution contract and departmental works on the same Job, same stretch.
- (b) the packing material issued alongwith the Schedule-B stores have been returned by the contractor as per terms and conditions of the contract;
- (c) the cost of packing material has been recovered provisionally from the contractor at the time of issue of packing material with Cat-B stores; and on receipt of Packing Materials from the contractor the recovered amount has been correctly adjusted in the RAR/Final Bill;
- (d) there is valid reasons (to be recorded in writing) for execution of the work through contract instead of executing departmentally ;
- (e) no mobilization advance has been paid to the contractor;
- (f) the works to be executed through contract has not been splitted to bring the contract amount within the powers of lower CFA;

(iv) **Contract for Hiring of Equipment :-**

It will seen that:-

- (a) No contract has been concluded for hiring of Equipments which are available within the jurisdiction of CE(P) except in very exceptional circumstances ;
- (b) The contractual liabilities committed during a financial year do not have an overriding effect on other heads of expenditure as well as on works to be executed departmentally due to lack of funds.

241. Performance Review of Job(s):-

During performance audit the audit team will select certain Jobs for performance review after exercising intelligent scrutiny as regards to nature of works, booking of expenditure, Physical and financial progress, expenditure beyond the tolerance limit of Adm. Approval amount, cost over run etc. The audit team will examine all the issue at each stage of execution of that particular Job(s) from the very beginning of the commencement of the work to till completion and prepare a comprehensive report bringing all the irregularities/shortcoming to notice of executive authority. Normally the audit team will see that :-

- (a) The Job has been sanctioned by the appropriate CFA;
- (b) Technical sanction has been prepared /issued within a reasonable time by the competent Engineer authority;
- (c) There was no undue delay in commencement of the work;
- (d) Transparency has been maintained at the time of awarding contract(s) and procurement of stores;
- (e) No works have been commenced before acquisition of land/formal handing taking by the authority concerned;
- (f) There was no laxity/lapse in the part of BRO for processing the land acquisition/de-forestation;
- (g) Timely action has been initiated by the appropriate authority for procurement of stores through contract or supply order;
- (h) procurement action have been initiated based on ground reality and at different stage of physical progress of the work and not merely to exhaust the allotted budget and provision catered in the TS/RTS;
- (i) No loss has occurred due to defective planning, design and technical specification;
- (j) All the financial and technical control mechanism devised by DBDB/DGBR have been strictly complied with during the execution a particular Jobs;
- (k) Financial discipline and accredited policy of accounting has been strictly maintained at each stage of execution;
- (l) Financial powers delegated to the CFA have been exercised in consultation with collate IFA in its letter and spirit;
- (m) Scale audit of human resource may be seen as per para-131.3 of this manual,
- (n) Utilisation of V/E/P, deployment of man power has been done strictly in terms provision catered for in the TS/RTS and there is no departure from the points mentioned in para – 228 of this Manual.

- (o) Whether any part of the Job has been executed through contract, if so whether all the points of post contract management as mentioned in para –230 to 238 of this Manual have been taken care of.

Para -242 to 245 : Blank

Chapter- XIII Audit of Cash Accounts

GENERAL INSTRUCTIONS APPLICABLE TO PUBLIC FUNDS

246. Public Funds include all fund which are financed entirely from Public money, the unexpended balances of which are refundable to the Government in the event of their not being devoted to the objects for which granted; and also (1) unissued Pay & Allowances;(2) Office allowance Fund; (3) the estates of deceased men and deserters.

The general position is that when a fund does not fulfill the conditions given above ,it is to classified as a Regimental Fund (non-public Fund); even though it may be entirely financed from Public money.

247. Essential conditions governing expenditure from Public Funds:-

As a general rule no authority may incur any expenditure or enter into any liability involving expenditure from Public Funds until the expenditure has been sanctioned by general or special order of government of India or by an authority to which powers have been duly delegated in this behalf and the expenditure has been provided for in the authorized grants and appropriations for the year.

Objectives

248. The objectives of the internal audit of the Public Funds by the Accounts Officers are:-

- (i) To ensure that all prescribed accounts and documents are maintained;
- (ii) To ascertain that the accounts, etc., are maintained strictly in accordance with the regulations and orders;
- (iii) To see that all transactions between individuals and the funds and other accounts can be easily traced and correctly tallied.
- (iv) To ensure that all moneys including cheques and Government Drafts relating to public funds have been duly accounted for and expended in conformity with the regulations for the purpose for which they are intended.

249. Programme of Cash Inspection

A half yearly program for inspection of cash accounts of units falling under his jurisdiction *will be prepared by* the Internal Audit Officer and submitted to the PCDA (BR)/CDA(BR) Guwahati/ JCDA(BR) Chandigarh along with Local Audit Programme for approval. The tour program of the Internal Audit Officer should be prepared in such a way that the review/test check of the audit works done by the Internal Audit Staff run concurrently. It will be submitted to the PCDA (BR)/CDA(BR) Guwahati/JCDA(BR) Chandigarh for approval by the 20th of the second month of the preceding half year.

The Internal Audit Officer will inform units/formations concerned of their impending programmes of audit, review and inspection sufficiently in advance under intimation to the HQ Project/HQ Task Force.

250. List of accounts and registers to be inspected

In order to avoid omission of any accounts in inspection each Internal Audit Officer will maintain a list of all accounts and ledger, etc. for each Unit .This list will be got approved by PCDA(BR) and kept up-to-date. Special Instruction, if any, with regard to the inspection of any information(s) will be appended to the list of accounts etc. to be inspected.The list and special instructions referred to above will be handed over by the Internal Audit officer officially to his successor in the event of his being transferred or of his going on leave.

Extent and scope of internal-audit

251. The Internal Audit Officers have full power and authority to examine all public fund balances, Cheque Books, Treasure Chest balances etc and to call for any information, accounts, vouchers or other documents as may require in connection with Public Funds, which are being examined by him in term of Rule-15 of Financial Regulations, Part-I Volume-I.

252. The Internal Audit Officer is ordinarily not required to verify cash balances of Public Fund Accounts, but will invariably see that the prescribed counting of cash has been done by a Board and certificate to that effect has also been recorded by that Board. In case, however, it is considered that the state of the accounts of a particular unit is unsatisfactory, or where cash balances are found to be very heavy, the Internal Audit Officer should invariably verify the cash balances of all Public Funds Account including Imprest Accounts by actual counting. After counting of cash in hand, in respect of Imprest Account, the Internal Audit Officer will endorse the Bank Balance as well as Cash Balance and intimate the same to the PAO(GREF)/ PCDA(BR) and to the Unit authorities. Accounts Officer will ensure that the unit authorities address the Bank authorities on the day of inspection about the balances in Bank for reconciliation purpose.

253. Ordinarily, one month's account, at each quarterly/half yearly visit will be selected for detailed check. The documents for the other months will be subject to the general scrutiny /review. Doubtful cases will be examined more closely. The selection of one month's accounts for the purpose of detailed check should be influenced by the two factors which will give the Internal Audit Officer an indication of the month's account which requires particular attention.

- (i) The general state of unit's account and the particular type of past irregularities and the month's account in which they were committed, as revealed in the previous internal audit/inspection reports ; and
- (ii) A general scrutiny of accounts since the date of last inspection.

Note: The selection should not tend to follow uniform formula, but should be varied and arbitrary (e.g the account for the month immediately preceding the inspection should not necessarily and invariable be selected).

254. If the circumstances warrant a detailed inspection of more than one month's account to complete his investigation, the Internal Audit Officer should adopt this course. In making his selection, he should ensure that the accounts which pertain to the important month/activities such as for the month of March, or the month in which any specific activity in the unit is undertaken warranting more transactions in the Cash Book such as transfer of account to other unit, training

etc. come more frequently under review other than in which extraordinary charges do not occur. The following action may be adopted in such cases:-

Reconciliation of Cash Balances

255. The Internal Audit Officer will count the cash. For this purpose he should ask the Commander to produce all money in his possession before the actual counting is taken.

256. On the conclusion of counting the cash (or when the cash is not counted before proceeding to inspect the Accounts), the Internal Audit Officer should ask the OC to complete the Cash Book in regard to any outstanding transaction for the day (i.e the dates of the inspection) and to balance it. Thereafter, the balances of public funds up to the date of inspection will be struck, a statement of fund balances prepared and the total of the balances agreed to with cash and Bank balances shown in the cash book of the date of inspection.

257. A reconciliation statement will be prepared, reconciling the Bank balance shown in the Cash Book with the balance shown in the Pass Book /Bank Statement on the date of inspection. The statement should preferably be prepared by the OC. Should the Internal Audit Officer prepare the reconciliation statement, he should work out the particulars himself, as far as possible, and indicate distinctly those items in which he has had to depend entirely upon the information supplied by the OC.

Note : The Bank balances, if any, shown in the Cash Book will be verified with that shown in the Bank Pass Book after taking into consideration any subsequent withdrawal from and deposits into the Bank. The reason for any presented cheques remaining outstanding for a long time should be investigated.

258. The Internal Audit Officer will record the following certificate in which the cash is actually counted by him.

Certified that:-

- (a) The cash in treasury chest counted by me today, -----(date), amounted to Rs (Rupees -----paise---only)
- (b) The balance shown in the Pass Book is Rs------(reconciled as per reconciliation Statement below) amounted to Rs ------(Rupees-----only) at the time of count.
- (c) The book balance of Public Fund Account amounted in the aggregate to Rs. _____(Rupees _____ only)

259. In the case of serious discrepancy between the Cash Book and the Treasury/ Bank balance, the matter should be immediately brought to the notice of the Commander and also reported to the PCDA(BR) forthwith.

260. The Internal Audit Officer will thereafter conduct the following checks for the scrutiny of accounts under his internal audit:-

- (i) All the accounts, registers books, etc prescribed, have been maintained and posted regularly and inspected periodically by the officers concerned as laid down in the respective regulations.
- (ii) In cases where erasers, overwriting and unattested corrections etc occur in the account etc.(where audited or scrutinized), the AO should verify the particular entries from the

- original documents etc. He should prudently consider whether the extension of the 'test' check is called for.
- (iii) The Bank balance at the end of the month preceding inspection as shown in the advice of balance (or statement) will be compared with that shown in the Bank Pass Book (produced for inspection) on the correspondence date. The two balances should tally.
 - (iv) The truth of reconciliation statement prepared on the date of previous internal audit will be verified by seeing that all the cheques declared en-cashed and un-credited remittances to Bank etc have, in fact, been brought fully to the account in the Pass Book since then. Satisfactory explanation for any 'Time Lag' (i.e. delay in the accounting for in the Pass Book) should be looked into.
 - (v) A balance sheet showing the assets and liabilities recorded in the Cash Book at the end of each month will be examined.
261. The Public Funds comprise of the Funds placed in the :-
- (i) Public Fund Account; and
 - (ii) Cash Assignment Accounts including authorized Imprest Account ;
 - (iii) Field Imprest Account;
 - (iv) Military Treasure Chest.
- Non-public Funds (Regimental Funds), will not be subject to Internal Audit except under specific instructions from PCDA (BR).

Opening of Public Fund Account

262. The Internal Audit Officer will satisfy himself that the sanction of PCDA(BR) where required, had been obtained with the accounts maintained with the Bank, and that no new account has been opened with the prior approval of the PCDA (BR). Similarly, the Bank Account has not been transferred to other branch of the Bank at same/different station, without prior approval of the PCDA (BR).

Maintenance of Cash Book

263. The following points in general will be seen by the Internal Audit Officer in the Cash Book:-
- (i) Every officer having a Cash Assignment or Imprest, Field Imprest, Public Funds or drawing Funds from the Treasure Chest Holder has maintained a Cash Book on I.A.F.W. 2246;
 - (ii) A separate Cash Books has been maintained in respect of :-
 - a) Cash Assignments
 - b) Money drawn from Treasure Chest Holder.
 - c) Field Imprest.
 - d) Imprest for petty cash
 - e) Public Fund Account.
 - (iii) All transactions relating to the receipt of cash or cheques and all payments or disbursements are entered into the Cash Book as and when take place, and that, all alterations are attested with full signature in ink by the account holder;

- (iv) All receipts are entered on left hand (DR) side of the Cash Book and contra entries in respect thereof posted on the same side of the Cash Book, in the relevant accounts in the ledger beneath the heading “Credit to ledger Account”;
- (v) All payments are entered on the right hand (CR) side in the Cash Book column and contra entries thereof posted on the same side of the column of the Cash Book in the relevant ledgers account beneath the heading “Debit to Ledger Account”;
- (vi) Schedule III/Cheque Slip entries for one month (corresponding roughly to the account selected for detailed check) will be verified into the Cash Book from the *Bank Pass Book* and not vice versa at the time of each inspection;
- (vii) It will be seen that all cheques in the Schedule III are entered by the Bank in the Pass Book, and the entries in the Pass Book will be test checked in the Cash Book, the monthly statement of Bank account is to be obtained and reconciliation statement will be prepared. Discrepancies noticed will be put under objection;
- (viii) Schedule III/Cheque Slip entries will be ticked in the Cash Book. After verification of the Schedule III/Cheque Slips, a statement showing numbers and dates and amount, which have not been shown in the list and vice versa, will be prepared and sent by the Internal Audit Officer to the PCDA/CDA (BR) for confirmation. After verification of the Schedule III/Cheques Slips, a statement showing numbers and dates of Cheques and amount which have not been paid and where the validity of the Cheques has been expired will also be noted for making reversal entry through a Punching Medium. The reversal report through subsequent Schedule III/Cheque Slip will be sent by the AO to the Accounts Section of PCDA/CDA (BR). Any discrepancy between the amount of cheques, as shown in the Cash Book, and those in the Schedule III/Cheque Slip will also be referred to by the Internal Audit Officer to Accounts Section of PCDA/CDA (BR);
- (ix) It will be examined that each account is closed regularly and completely checked and signed monthly and that a certificate of personal verification of balance is recorded and signed by the Officer-In-Charge as prescribed in the regulations;
- (x) Cash Balances are maintained within the prescribed limit. In cases where the limit of cash balances has not been prescribed, it would be ensured that the cash balances held in the public funds are reduced to a minimum. Large balances of cash including cash assignments Imprest are not kept but are remitted into the treasury or returned to the Treasure Chest Holder, as the case may be, within a period of ten days. In individual cases where it is not possible to remit the balance within the prescribed period, Chief Engineer may permit retention of cash balance upto a maximum period 20 days;
- (xi) It will be seen that the provisions prescribed under the regulations in regard to handling of cheques and cash and safe custody of accounts books including receipt books are rigidly observed;
- (xii) It will be seen that when money is received by a Government servant in public fund, a proper receipt had been granted to the payer and that the receipt to payer are linked in the cash book and vice versa;
- (xiii) Acquittances will be examined to see that they have been taken for all payment made to the individuals and the stamps receipt have been duly affixed in the case of payment exceeding Rs 5000.00 ;

- (xiv) The register of all cash losses maintained by all units will be examined to see that there had been no cash loss reported in the month following the previous internal audit. If so a detailed examination after the last inspection will be under taken scrupulously to ascertain the quantum of the cash loss ;
- (xv) In the case of payments on to Banks/treasuries, original copy of the Bank/Treasury receipt duly received by the Bank/Treasury are forwarded to the AO's Office and acknowledgement called for. The correctness of the Bank/Treasury receipt in the Cash Book will be verified with reference to the office copy (triplicate copy) of the MROs and the acknowledgement received from AO's Office. In case of non-receipt of acknowledgement from AO's Office, Cash Book entry will be put under observation. Cash on realization is accounted for on the receipt side of cash book and charged off when remitted into treasury. The observation will be cleared by AO's Office after verification of the adjustment particulars of the OMRO ;
- (xvi) Treasury receipts for money deposited into the treasury directly by other parties are not entered into the Cash Book but are dealt with separately;
- (xvii) Miscellaneous cash receipts, accounted for in the Cash Book, should have not been utilized for expenditure, but paid into the treasury immediately on a receivable order;
- (xviii) Money has not been loaned or transferred to another account of the same or different nature unless specifically provided for.

Issue of cheques from public funds

264. The issue of cheques is consistent with the provisions contained in Rule 300 of Financial Regulations Vol-I in particular to one of the following three categories:-

- (i) The payment of personal claims, such as payment to members of staff on account of personal claims, payments to contractors and suppliers and to companies, corporations, etc are drawn as 'payable to' or 'to the Order of the Payee' and are normally crossed 'Account Payee'. ;
- (ii) In the case of payee being a Government Officer, for disbursement of salaries etc. of the staff and for expenses on office contingencies etc the cheques are drawn in favour of the 'Payee' by his official designation containing the superscription 'Not Transferable' and the word "only" being added after the designation of the payee officer on the cheque;
- (iii) The cheques creditable to Government Account (for payment of Inter-Departmental or Inter-Governmental claims) only are drawn containing the superscription 'Government Account';
- (iv) The DDO has notified to the Treasury/Bank/Military Chest Treasurer upon which he draws cheques, the serial number of each Cheque Book which from time to time he brings into use and the number of cheques it contains;

- (v) The continuity of the cheques number is maintained. In case of a missing serial number, specific reasons are ascertained. In the event of loss of Cheque Book or blank cheque form, the same is notified to the concerned Bank/Treasury with whom the Disbursing officer has a drawing account, and to PCDA (BR).

Change of Public Fund Account holder

265. Before, appointing a Public Fund Account holder, the financial status of the account holder should be ascertained. It will be ascertained that no fraud of financial irregularity involving fraud, embezzlement etc is contemplated against the account holder. In the event of change of public account holder, or proceeding on leave including casual leave or temporary duty, the cash had been handed over properly together with the accounts correctly written up to the new cash account holder and the following particulars are immediately notified to the CE(P), AO and PCDA:-

- a) The official designation of the Cash Book holder;
- b) The Bank Account number of the account;
- c) The name of the Bank account holder with Rank, Personal number and unit in block capitals;
- d) The name of the outgoing account holder with rank, personal number and unit in block capitals;
- e) Nature of the casualty to the old account holder;
- f) Date of transfer of the account to the new account holder;
- g) A certificate signed by both officers concerned;
- h) Specimen signature of the new account holder.
- i) The number of Cheque Book/blank cheques/Cash Requisitions/Bank Cheque Book/etc in possession in use with details of used and unused instruments/Requisitions handed over to new incumbent.

266. It will be ensured by the Internal Audit Officer that a reconciliation statement indicating the cash in hand and cash as per Pass Book has been jointly checked by the Cash Book holder and the officer who relieves him. The amount of cash so counted is to be recorded in the Cash Book and signed by both the officers. Handing and Taking over certificate (IAFZ 2081) specifies cash balance, balance of assignments in the Bank and the Cheque Books on the day of handing and taking over. A copy of the handing over/taking over certificates signed by the incoming and outgoing officers is forwarded to the Accounts Officer, the Chief Engineer and the PCDA (BR).

267. In the event, a public account holder dies or is admitted to the hospital before being duly relieved, the Senior Officer had immediately taken action to secure the cash balances and documents and taken over the cash. The certificate of change of public account holder in such cases has been countersigned by the OC or a Senior Officer.

Surprise Check of Cash

268. The surprise check of cash balances of each Cash Book of each unit/formation is carried out at least once in three months by an officer authorized by the CE/HQrs DGBR in their control. The result of the surprise check is recorded in the Cash Book and also endorsing a copy thereof to the PCDA/CDA (BR) in the following format:-

“Certified that I have carried out the quarterly surprise check of cash balances of _____ account of the _____ Project/Task Force/unit/formation on _____ in terms of AO 22/80. The cash balance was all the legal tender as under on actual counting and agrees with cash balances shown below have been reconciled with balances closing of funds accounts”.

- (a) Cash in hand as per Cash Book ;
- (b) Cash in hand on actual counting ;
- (c) Cash in Bank as per Bank Statement ;
- (d) Cash in Bank as per Cash Book ;
- (e) Variation.
- (f)

The irregularities, if any, at once were reported to the CE (P)/DGBR endorsing a copy thereof to the PCDA/CDA (BR).

269. The sanction of HQrs DGBR is watched in internal-audit for non conduct of quarterly surprise check of cash balances.

Closing of Public Fund Account

270. When the Cash Book is closed down, it will be seen by the Internal Audit Officer that:-

- (i) Cash balance in the public funds has been deposited into the Treasury or State Bank of India and TR has been forwarded with final cash account to the Accounts Officer concerned. The unused or partly used or cancelled Cheque Books/Requisitions are returned to PCDA/CDA (BR).
- (ii) there is no transaction for more than three completed years in any public fund account, the account in such cases should be deemed to have been closed and not operated without the prior approval of the competent authority.

Endorsement after Internal Audit

271. All entries in the Cash Book will be checked and initiated by the Accountant and Accounts Officer concerned and endorsement made after internal audit.

PUBLIC FUNDS SPECIFIC INSTRUCTIONS

Cash Assignment Account

272. Cash Assignment is a letter of credit in favour of a Disbursing Officer authorizing a particular Treasury Officer/Bank to make payments demanded by him up to the limits specified therein. Certain GREF Officers are authorized to draw cash from the civil treasuries or the Bank for certain specified purposes against cash assignments arranged in their favour by the Principle/Controllers of Defence Accounts (BR) on the particular treasuries or the Banks from which the drawings are to be made by them. Defence Cheque Books are supplied to them by the Principle/Controllers of Defence Accounts (BR). It will be a running account within each financial year, and the amount that can be drawn at any time, if the balance at credit. A balance unpaid on the last date of the financial year will lapse except that cheques drawn before but put paid after the end of the year will be taken against the balance of the assignment.

273. The amount of the assignments in respect of the following authorities competent to hold cash assignments account in BRO, is fixed by the next higher engineer authority, in consultation with the PCDA (BR) :-

- (a) Chief Engineer.
- (b) Commander Task Force
- (c) Officer Commanding Base /Transit Depot
- (d) Commanding Officer Base Workshop
- (e) OC Stores Divisions.

274. Generally each GREF Officer will be placed on account with one treasury but where necessary, the assignment may be apportioned between two or more treasuries.

275. Within the amount so fixed, the assignment will be recouped quarterly by the PCDA(BR) in accordance with the estimate of requirements submitted by the officer. Additional cash assignments may be placed to the concerned authority on application, or as and when need arises. Generally, each holder of an assignment will be placed in account with one treasury but, where necessary, the assignment may be apportioned between two or more treasuries.

Petty Cash Imprest

276. The following Imprests are advanced and recouped by the GREF Officers concerned from their Assignments. The Imprests are initially drawn from the cash assignment and recouped at least once a month as per maximum limit given below:-

(a) Commander Works Shop	15,000.00
(b) OC, Works Shop	10,000.00
(c) Commander Task Force	5,000.00
(d) OC, RCC	2,000.00

During Cash Inspection it will be ensured that :-

- i) Sanction of the Chief Engineer, in consultation with the PCDA, had been obtained by the officer authorised to make payments up to Rs. 250 in each case to casual labour daily

rate of pay and other petty contingent payments, and that, payment has been made with reference to pre-audited bills.

- (ii) The Accounts Officer will see that Officers Commanding of self accounting units, who are not eligible for Imprest, if needed, have been authorized by the Chief Engineer, in consultations with the PCDA/CDA (BR), an Imprest of Rs. 100 for meeting the expenditure on prepayment of official telegrams.
- (iii) Prior sanction of the Chief Engineer, in consultation with the Accounts Officer, is obtained by the officer in charge of a party detailed for reconnaissance of survey, for an advance of a sum up to Rs. 18,000.00 for incurring cash expenditure on locally engaged labour, on hire of mules or on other contingent charges. The second advance is made only after the first advance has been accounted for and adjusted.

277. General Checks of Cash Account in Internal Audit

The Internal Audit Officer, in internal audit will exercise the following checks:-

- (i) The Cash Book is closed and balanced on the 25th of each month except in March when it will be closed on the 31st March. After the monthly closing, the Cash Books are regularly forwarded to the Accounts Officer with all paid vouchers;
- (ii) Balance of cash on the 25th of the month have correctly been carried over to the next month except in March when the cash book should be closed to nil balance, after remitting the balance of cash on the last day of the month into the treasury;
- (iii) For effecting payments of a petty and urgent nature, the assignment holder does not exceed the authorized Imprest;
- (iv) The Cash Book of Cash Assignments has been maintained in two volumes. Each volume records the transactions for alternative months;
- (v) The Defence Cheques from Cash Assignments are drawn with the concurrence of the Accounts Officer/CDA/PCDA (BR), on the basis of bills pre-audited and passed for payment.
- (vi) A Defence Drawing and Disbursing officer, who is granted an assignment at a Treasury/Bank, before commencing to draw up on the account, has forwarded his specimen signature, duly attested by then senior disbursing officer of the Headquarters to which he is attached, to the Treasury/Bank.
- (vii) Cash has not been drawn from the treasury in excess of the actual amount for which cash vouchers are passed for payment;
- (viii) The cash assignments records, amount of assignment daily transactions and the balance are being maintained on IAFA-277;
- (ix) A Pass Book (IAFA-2105) has been obtained by the assignments holder from the concerned Bank/treasury and the Pass Book is getting updated monthly;

- (x) A reconciliation statement of the drawings for the month and the balance is verified and a reconciliation statement prepared with reference to Pass Book. However, at places where Banks are functioning as Treasuries for payment to Assignment Holders, the accuracy of the drawings for the month is verified by the Assignment Holders from the duplicate copy of the Daily Payment Scroll received from the Banks. In case, Daily Payment Scrolls are not watched, the same will be insisted in terms of Focal Point Branch Scheme;
- (xi) The following points, in addition, will be seen by the AO on receipt of Cash Book along with vouchers:-
 - (a) An entry is made on the date of payment.
 - (b) The amount shown as paid, agrees with the amount mentioned in the Cash Book.
 - (c) The reference to voucher No quoted in the Cash Book is correct.
 - (d) The name of the payee is the same as that on the bill.
 - (e) The payee has given a clear and proper receipt on the bill.
 - (f) If the payment is made to an agent of a contractor, it will be seen that the agent holds legal authority on behalf of the former.
 - (g) The classification recorded in the last column is correct.
 - (h) The totaling of each page of the Cash Book and carry forward thereof are done in ink on the completion of each page;
 - (i) The amount of cash in hand has been stated in figures as well as in words;
 - (j) The balances have been correctly brought forward from the previous month and that the balances, if any, on the last day of 31st March are strike off/deposited into Government treasury;
 - (k) The extract of cash book of an outstation Imprest Holder contains entries of all bills passed for payment from his Imprest in that month and each is supported by appropriate vouchers;
 - (l) All disbursement vouchers are properly numbered and that these vouchers (except muster rolls, work charged personnel bills, other cash vouchers the amounts of which do not exceed Rs. 100) are attached in original;
 - (m) Each voucher bears the receipt of the payee and that the sum acknowledged is written in words as well as in figures. When the amount is entered by the payee in words or in figures in the vernacular it should be transliterated into English;
 - (n) Revenue stamps are affixed in all cases in which they are required by Regulations;
 - (o) Signatures of all parties to a contract as recorded in the contract deed are obtained unless the person signing the receipt holds the necessary power of attorney on behalf of all the partners in which case his signature should be obtained;
 - (p) Receipt is made out for the gross amount of the bill, i.e. inclusive of the amount of security deposit and income-Tax deducted, if any;

- (q) Thumb imprints, seal impressions, and other marks, if any are attested by two witnesses;
- (r) Individual entries in the Cash Book are attested both by the DDO and the A.O. Each amount, as recorded in the Cash Book, tallies with the amount of the original vouchers and that the totals are correct;
- (s) If after submitting the final Imprest Account, any further payment is made out of the Cash Assignment Account, intimation is sent to PAO (GREF) Imprest Account Section and confirmation sought.;
- (t) Advances of pay and allowances to service personnel will be made from. However, if necessary as a measure of security precaution or for want of banking facilities, Chief Engineers has authorized Imprest Holders to draw cash from Cash Assignment Holders.

Note: In so far as payment by cheque to the contractors/suppliers/banker's are concerned in addition to the payee's receipts, they are also required to acknowledge receipt (on the tear slip of IAFA-838) of all cheques issued in their favour in payment of their bills etc. The payee's acknowledgement for the cheques issued will be obtained by the DDO and recorded with the paid vouchers. The AO will ensure that these acknowledgements have been obtained for all cheques handed over personally to the parties as also for those sent by post.

278. Reconciliation of the Cash Assignments

- (i) Reserve Bank of India/State Bank of India sends a copy of the Daily Payment Scroll to the concerned Disbursing Officer. Simultaneously, original copy of the scroll with paid cheque is sent to the PCDA/CDA (BR). From the information available in the Daily Payment Scroll (viz. cheque No and date, amount of each cheque paid by the Bank draws from assignment, it will be seen by the AO that the DDO has prepared a monthly reconciliation statement in the following form:-
 - (a) Amount of cheques remaining un-presented on 25th of each month (except for the month of March when it will on last day of that month);
 - (b) Amount of the cheques drawn during the month.
 - (c) Total
 - (d) Amount of cheques en-cashed during the month.
 - (e) Balance i.e. amount of cheques remaining un-cashed with details of cheques;
- (ii) The Internal Audit Officer will see that this reconciliation is prepared every month by the DDO. He will sign this statement in token of his check and ensure that action has been taken to adjust the cheques that have lapsed.

Military Treasure Chest Holder's Account

279. The Border Roads Treasure Chest Holder functions as a small treasury to hold and supply the requirements of cash of Task Force Commanders etc ordinarily located in forward areas where Treasury facilities do not exist or where the Civil Treasury cannot cope with work relating to supply of funds to the G.R.E.F. Treasure Chest Officers obtained cash from Cash Assignments. The PCDA (BR) supplies the Treasure Chest Holder Cheque Books etc to enable him to draw funds from civil treasury. The officers authorized to draw cash from the Treasure Chest Holder

are supplied with Border Roads Cash Requisition Form (BRDB No I) by the Treasure Chest Holder on receipt of application from them. The DGBR is responsible for getting these forms printed and issuing to the Chief Engineer. The forms will be treated as security document and kept in safe custody. Their receipt and issue will be accounted for in a register to be maintained by the Treasure Chest Holder. As and when a Cash Requisition book is supplied to an Officer authorized to draw cash, the Treasure Chest Holder will report the fact to the Chief Engineer and the Accounts Officer, indicating the full name, designation of the officer to whom issued and book number with the number of the form.

280. A. Additional points to be observed by Internal Audit Officer during audit of Cash Account :-

The following points will be observed by the Internal Audit Officer in addition to the general instruction already prescribed in Para 248 to 267 above.

- (i) The Chief Engineer has notified to the Military Treasure Chest and the Accounts Officer, the formations authorised to draw funds from each Treasure Chest Holder and the specimen signature of the officers of such formations has been communicated to them.
- (ii) The Treasure Chest Holder is functioning with the proper sanction of CE (P) in terms of Para-776 of BR Regulations. Cash Assignment is placed in favour of the Treasure Chest Holder by the PCDA(BR) in consultation with the Chief Engineer.
- (iii) The necessary administrative cover for the Treasure Chest Holders including transport, armed guard, escort etc, has been provided by the Chief Engineer Project. The Treasure Chest Holder has made necessary arrangements for the safe custody and conveyance of cash in their possession in terms of Para-777 of the BR Regulations.
- (iv) The Treasure Chest Holder has maintained Cash Book in form BRDB No II in which all receipts and payments are entered into.
- (v) All receipts of cash accounted for in the Cash Book are signed by the Treasure Chest Holder, and that, all payments are signed by the Officer receiving the amount in the remarks column of the Cash Book. The payment entries in the Cash Book indicate the name and designation of the officer to whom the amount is paid and is also be supported by the Cash Requisitions from the officer authorized to draw the amounts, showing the amounts in words as well as in figures.
- (vi) The Treasure Chest Holder balances the cash account after each day's transaction and record the book balance in red ink, in words as well as in figures.
- (vii) The Treasure Chest Holder submits a balanced account on form B.R.D.B. No. 11 daily to the Accounts Officer concerned, showing the opening balance; cash received during the day and the closing balance and also the certificate of counting of cash referred to in Para as mentioned in Para 255 to 260 above. Each transaction of receipt and payment has been exhibited separately, in the cash account, supported by relevant voucher. If there are no transactions on any day, a simple report confirming the cash balance of the previous day is submitted to the Accounts Officer.

- (viii) In the event of change of a Treasure Chest Holder, the cash in his custody was jointly checked by him and the officer who relieves him. The amount of cash so counted is recorded in the Cash Book and signed both by the outgoing and incoming Treasure Chest Holders. The last cash balance, balance of assignment and the Cheque Books on the day of handing and taking over has been mentioned in the Handing and Taking over certificate (IAFZ 2081). A copy of the handing over/taking over certificates signed by the incoming and outgoing Treasure Chest Holders was forwarded to the Accounts Officer, the Chief Engineer and the PCDA/C.D.A(BR).
- (ix) When the Treasure Chest was closed down, the Treasure Chest Holder paid the cash balance in his account into the nearest Treasury or State Bank of India and submitted the treasury receipt with his final cash account to the Accounts Officer. The unused or partly used Cheque Books have been returned to the PCDA/CDA (BR) and the Cash Requisition Books to the D.G.B.R. through the Chief Engineer.
- (x) The credit and allotment for a month as shown in the sanctioned estimates (Cash Assignment) is not necessarily drawn in the same month or in full, but only such amount is drawn do not cause the balance in the chest to exceed the ordinary limit.
- (xi) Advances of pay and allowances to service personnel are not made from the funds obtained from the Treasure Chest Holder. However, if necessary as a measure of security precaution or for want of banking facilities, Chief Engineers has authorize Imprest Holders to draw cash from Treasure Chest Holders for payment of advance of pay and allowances to Service personnel .

280. B. The following points in addition will be seen in Cash Inspection on receipt of a Cash Account:-

- (i) List of receipts and payments, which are extracted from the Cash Book, and monthly account duly supported by the necessary vouchers are submitted to the AO as under :-

Sl No	Period	Date of Submission
1.	From 1 st to 15 th of the month	On the 16 th of the month
2.	From 16 th to 25 th of the month	On the 26 th of the month
3.	Monthly account from (1) to (2) above and the opening and closing balances	On the last working day of the month to which the account pertain.

- (ii) Each Military Treasure Remittance is duly receipted by the party in whose favour it is drawn before it could be paid and when paid it was cancelled by writing across it, in red ink, the word “PAID” and the dates of payment under the Treasure Chest Officer. The signature is not rendered in any way illegible;
- (iii) All cheques and Military Treasure Remittances cashed with periodical advices of payment in support of the items charges therein are submitted to AO with the following documents :-
 - (a) Cash Book
 - (b) Periodical advice of receipts and payments.
 - (c) Monthly account current.
 - (d) Monthly cash balance report.

- (iv) In the Cash Book is entered on the Dr side every item of cash (including currency notes) received, showing the name of the person from whom received, on what account received, and the date of the receipt.
- (v) In the Cash Book is entered on the Cr side every item of payment, showing the name of the person to whom paid, on what account paid, and the date of payment. The entries are numbered in a separate consecutive series for receipt and payment for receipt and payments.
- (vi) On the back of each voucher is shown in red ink, the number of the entry concerned with the distinguishing letter 'R' for receipts and 'P' for payments.
- (vii) Military Treasure Chest Officers pay out and receive cash up to last day of each month, but receipts and payments was ceased two days before the close of the month.
- (viii) The cash balance in Treasure chest is kept as low as compatible with the necessities of the service. The balance in the Treasure chest on the last working day of the month is sufficient to meet on average the first week's net payment (based on three month's figures which are available in the Cash Book) plus a reserve of 1/4th of this amount. An explanation for any excess of the above limit has been attached with the account.
- (ix) The postage account (IAFZ 2016) has been posted up to date, closed, balances and signed by the Treasure Chest Officer.

Public Fund Account

281. The unit/formation responsible for disbursement of (i) pay and allowances; other allowances to PCDA's organisation attached to GREF against cheques received from PCDA (ii) final settlement of Provident Fund balances of GREF personnel (iii) the unit allowances like condiment allowance, mess maintenance allowance, amenity grant etc; (v) other public claims including cost of rations issued on payment (iv) other payments of miscellaneous nature, which do not affect Project Expenditure of the receiving unit, where authorized vide Para 803 of BR Regulations, which are not to be reflected in the cash assignments Cash Book, are accounted for through Public Fund Account Cash Book. The Public Fund Account is maintained on IAFA-811 (Columnar Cash Book).

282. The Public Fund Account Cash Book is subject to periodical inspection by AO. The AO will adopt the following procedure in respect of month's account selected for detailed checks in addition to general checks mentioned in Para 246 to 248 above :-

- (i) All entries in the Public Fund Account Cash Book is made in ink and checked and initialed by the officer authorized to maintain Public Fund Account. The Cash Book is maintained under the supervision of the AO.
- (ii) The Public Fund Cash Book is closed on the last day of the month and entries therein are completely checked and cash in hand verified.

- (iii) The general rules regarding custody of funds contained in BR Regulations are observed;
- (iv) AO should particularly see that the following types of irregularities are not in existence, so as to eliminate such irregularities in future, and, if necessary, to report them to higher authorities:-
 - (a) Imprest Account, Public Fund Account and Regimental Funds are operated from one and the same Cheque Book.
 - (b) Public Funds are kept in an officer's possession or deposited to the credit of private account or private Bank concerned.
 - (c) Bank Statements are not forthcoming for inspection.
 - (d) Numerous cheques paid to self which are prima facie irregular.
 - (e) Cheque Book counterfoils is missing.
 - (f) Correct amounts for which cheques are drawn but not entered in counterfoil.
 - (g) Discrepancies between the amounts actually drawn on Cheque Book and those accounted for in the Imprest Account.
 - (h) Cheques not issued in their serial order.

283. The following procedure will be adopted in internal audit & check of Cash Book :-

- (i) Mark off (from the counterfoils of the cheques, counterfoils of Paying-in-Slip) every entry in the Pass Book;
- (ii) Verify the reconciliation statement of the Bank at the end of the month selected. In case the same has not been prepared by the unit or the formation, the AO should prepare it;
- (iii) Pair the entries in the Pass Book with relative items in the Bank column of Cash Book, paying particular attention to any time (e.g. that there is no undue delay between the dates, bank gives credit for cash or cheque paid in and the date the remittances is stated to have been paid or ought to have been paid in, that any cash withdrawn from the Bank, is promptly brought to account in the cash column).
- (iv) In cases where there is a discrepancy between the balances, the counterfoil or cheque and Paying-in-Slip should be obtained and the balances agreed after allowing or unrepresented cheques or Paying –in Slips which have not been entered;
- (v) Verify every issue in the Cash Book (both cash and Bank column) against the disbursement vouchers etc, verify from the counterfoils, receipt book, check register of the money order returned, undelivered etc. into the receipt entries in the Cash Book to see that all receipts have been accounted for.
- (vi) Verify all contra entries in cases of transfer from 'Bank' to 'Cash' or vice versa.
- (vii) Check into the Cash Book from the schedule III, all uncrossed or issued cheques issued by him.
- (viii) See that all transactions between individual and Public Fund Account and accounts between the different Public Funds are readily traceable. That they agree and credits from the amounts transferred from public to regimental accounts, if any, are afforded in the

latter account. The AO will invariably verify credits of all transfers, coming to notice during inspection, of cash on account of public fund from one unit or formation etc to another or within the accounts of units or formations inspected. When one the units happens to be located in the Audit area of another AO, necessary intimation of transfer of cash will be sent to the AO concerned for verification of credit and his acknowledgement of the intimation obtained ;

- (ix) Double entry , if any, in account, consequent on the transactions between regimental and public funds will be verified by the boards and the AO will only see that the amounts transferred from the public funds are vouched against the receipts issued by the public fund holder . In the case of small units when the same officer holds the charge of regimental and public funds, and it is not customary to issue receipts for inter-transfers between the funds, the AO will ensure that the amount transferred from public account to regimental fund are brought to accounts in the latter so as to link the Cash Book entries with the same;
- (x) A separate Guard Book is maintained for recording acquittances pertaining to several ledgers account;
- (xi) In case of disbursement of pay, the acquittances are taken on the pay bills, that summary of payments is made out and signed by the Officer-in-Charge and that the total of the summary is entered in the Cash Book;
- (xii) The summary is attached to the pay bill and that details of the undisbursed pay and are recorded on the summary, and that the amount of undisbursed pay is either remitted into treasury or adjusted in the next pay bill;
- (xiii) Sums are not advanced from one public fund account to other public funds;
- (xiv) It will be seen in the months selected in the detailed audit that acquittances in support of payment are on record, and that they are duly authenticated. In cases where remittances are made through Postal Money Order, the AO will further links the amounts payable and the names of the individuals (from the pay bills etc) into the Money order receipts pasted in the Money Order Check Register. In addition, names amounts and the stations to which Money Orders are sent will be linked from the MO Check Register IAFZ-2067 and MO receipts into the MO acknowledgements pasted opposite in the MO check register. These checks will be conducted cent percent in the months selected for detailed audit;
- (xv) Sale proceeds of all old, waste, etc articles (old news papers and periodicals) purchased out of the special grants , such as, Educational Training Grant, Amenity Funds etc have been credited to the Government periodically and Bank/Treasury receipts thereof forwarded to AO's for adjustment;
- (xvi) Amount due to be recovered from individuals in respect of private telephone/trunk calls have been credited to the Government (For this purpose a register is required to be maintained under Rule 522 FR Part II will be inspected.

284. **Reconciliation of Public Fund Account**

- (j) A monthly reconciliation is drawn to verify where the balances as shown under the Bank column of the Cash Book agree with the balances as shown in the monthly bank statement. A certificate to the effect that the cash held in hand as on the closing day of the month has been counted and found to agree with the balance as shown in the Cash Book is recorded.
- (ii) In case, where the OC unit is not himself maintaining the account, the above certificate of agreement of the Cash Book, the Cash Book is supported with a simple balance sheet showing assets and liabilities under the signature of the officer maintaining the accounts duly countersigned by OC Unit.

Imprest Account

285. Imprest are advances of public money issued by the Accounts Officers of the PCDA (BR) in bulk to the authorized officers of GREF to make payments to the PBOR of GREF and Service Personnel serving in operational areas and meeting such miscellaneous expenditure of units and formations as are authorized to be met therefrom. The Imprest Account number to the authorized officer is opened with the approval of the DGBR. Fixation of monetary limits in respect of Army units loaned to BRDB and GREF personnel on their strength is fixed by the Chief Engineer DGBR. The fact of sanction as also the ceiling provisional ceiling monetary limits up to which cash can be retained in the Imprest will be notified in the order issued by the sanctioning authority. Imprest Holders of the unit located at stations where banking facilities are available should draw cash for Imprest from the cash Assignment Holder on authorization by the AO/AO attached to the GREF Task Forces/Projects. The funds may also be drawn from Field Cashier in exceptional cases. The funds are supplied on Cash requisitions supplied by the PAO (GREF).

286. The Imprest Account is subject to monthly inspection by the internal auditor. The AO will see that the following points in respect of month's account in addition to general checks mentioned in Para 248 to 267 above :-

- (i) There is generally one Imprest Holder nominated for all units under the Task Force and Imprest Account number has been allotted by the PAO (GREF);
- (ii) The Imprest Holder has opened account with the RBI or SBI where such Bank exist otherwise in the local Treasury in vide Rule 300 of Financial regulations Part-I;
- (iii) The account will be opened in the official designation of the of the Imprest holder earmarked 'Imprest Account' and operated by the Imprest Holder;
- (iv) Where GREF officer is appointed as Imprest Holder, he should not be less than the equivalent of captain. In exceptional circumstances where the Imprest Holder is appointed below the rank of captain, the approval of the DGBR is obtained;
- (v) The Imprest Holder personally operates the Imprest Account. It is not permissible for him to delegate the responsibility for operation of funds to other person;

- (vi) The Imprest Holder is not operating more than one account simultaneously. Similarly, the field Imprest Holder, as far as possible, is not permitted to operate any other public and regimental fund account, as placing of more than one account in the charge of one person may result in mixing up of various accounts and also facilitate fraud by giving opportunities of playing one account off against another;
- (vii) The funds other than the Imprest funds are not placed in the Imprest account;
- (viii) The Imprest Account is opened with the concurrence of the PCDA (BR);
- (ix) Loss of Imprest Cash Requisition Book, if any, had been reported to AO, Field Cashier/PCDA (BR). If the lost book was subsequently recovered, it is not brought into use again, but sent to AO;
- (x) The Imprest Holder has not issued cheque in advance against Imprest funds before receipt from the AO;
- (xi) The Imprest Account is maintained in duplicate by the Imprest Holder on IAFA 821. Where it is prepared in manuscript, the account contains all the certificates prescribed in the printed forms;
- (xii) Private monies and regimental funds unless specifically provided for is not accounted for as Imprest;
- (xiii) It will be seen from the requisitions for Imprest submitted to the AO that that the name and address of the Bank/Treasury to which the cheque is to be sent and the date after which the money is required was clearly indicated in IAFF 1036;
- (xiv) Counterfoils for completed IAFF-1036 (Cash Requisitions) are sent to the AO/CDA/PCDA (BR) regardless of the source it was initially obtained. Cash requisition form, if cancelled, for any reason, will not be removed from the book, but will be kept with counterfoil and a note given in the Imprest Account;
- (xv) Task Forces and Projects do not draw funds from Civil Treasuries on Emergency Cash Requisitions under any circumstances;
- (xvi) Field Imprest for making payments on account of advance of pay and allowances to Service personnel has sanctioned in consultation with the regional CDA, by the DGBR in respect of units and formations directly under him and by the Chief Engineers in respect of units placed under them;
- (xvii) The copies of the surprise check of cash inspection are forwarded to the AO/PAO (GREF) in addition to PCDA (BR);

287. In addition to the common checks prescribed in Para 277 above in general, the following points will be seen in audit of Imprest Account in internal audit & check of Cash Book:-

- (i) The receipts and payments from Imprest are recorded by the Imprest Holder in a Cash Book. The amount of Imprest sanctioned is noted on the top of the form in red ink before the transactions for each month are recorded.
- (ii) The Imprest Account Number allotted is prominently entered.
 - (a) On all requisitions for cash
 - (b) On the monthly Imprest Account
 - (c) On all vouchers, acquittances Roll summaries etc supporting the Imprest Account.
 - (d) On all correspondence in connection with Imprest Account.
 - (e) In the column headed 'Place' when entering payments in Advance Pay Book of the soldiers/GREF personnel.
 - (f) Advances of pay and allowances to service personnel are made from Field Imprest only.
- (iii) Payments entries in the Cash Book are supported with the Acquittances Rolls Summary IAFF 1099 and the acquittances Rolls attached with the summary and that the total of each ACR have correctly forwarded in the summary. In the case of Commissioned Officers of the Army and the GREF personnel, the original receipts including IAFF 1034 in respect of advances of Pay/TA/DA, when authorised to be paid from the Imprest are included in the ACR Summary.
- (iv) The account contains record of cash transactions, showing all receipts and payments from the first to the last day of the month inclusive of the opening and closing balances of cash.
- (v) Amount of cheques remitted to the Bank/Treasury/Field cashier is shown as receipts in the Imprest Account (IAFA-821). Full particulars of the actual payments made are recorded on the payment side of the account (i.e all cash transactions, both receipts and payments are recorded as and when they occur in the chronological order.
- (vi) The Imprest Account No, the designation of the Imprest Holder, the personal number of the Imprest Holder, and the name of the Bank/Treasury in which the Imprest funds are held are quoted on the top of each account. The total number of each voucher supporting the account is expressed therein in words as well as in figures. The amount of closing balance held in deposit in Bank/treasury and, that held as cash in hand has been shown separately in the Imprest Account.
- (vii) A copy of the authority for making adjustment in settlement of discrepancies in the previous month's account is attached.
- (viii) Refund to the Field Cashier entry in the Cash Book is supported with Original Receipt (IAFA-175) with full designation of the Filed Imprest Cashier.
- (ix) The payment of purchases of stores and supplies is made from Field Imprest unless specifically authorized;
- (x) The relevant provisions of Appendix 26 to Financial Regulations Vol-II are meticulously complied with;

- (xi) The following points, in addition, will be seen by the AO on receipt of Cash Book along with vouchers:-
 - a. The Imprest Account is dispatched on the first working day of the month following that to which it relates. The Imprest funds have been drawn from the Cash Assignments of the Task Forces duly pre-audited by the AO Task Force/CDA/PCDA (BR).
 - b. The Imprest Account has been prepared in IAFA-821. If manuscript format has been used, it will be ensured that all particulars and the certificates found on the printed form have been incorporated.
 - c. All columns have been completed in accordance with the instructions in the form.
 - d. All the supporting vouchers for receipts and the amounts charges off from the Imprest Account are attached and linked. ACR and CR which are sent in advance are linked with payment and receipt entries in the Imprest Account.
 - e. The account has been signed by the Imprest Holder himself as verified from the specimen signature on record with PAO (GREF).
 - f. The transactions have been recorded in chronological order and accounts include only transactions which occurred during the month.
 - g. The loss is exhibited as a separate item in the closing balances of monthly Imprest Account until regularization by the CFA.

Closing of Imprest Account

288. In addition to the observance of general instructions contained Para 268 and 269 above, in the case of closing/disbandment of GREF Imprest Holding Unit, the final account are submitted to the PAO (GREF) at least before the 10 days of disbandment along with a Final Clearance Certificate in the following format :-

289. **Final Clearance Certificate in respect of Pay Imprest Account Number No ---- of ----**

“Certified that the above mentioned account has been finally closed, all Imprest Account of the Unit up to the date of closure have been received, audited and all objections outstanding against the Imprest held so far as they related to PAO (GREF) have been settled”.

Non-Public Fund

290. When specially required to examine, the canteen regimental, or other similar non-Public Funds Account, the AO should see that the quantities of stores received and issued are correctly accounted for and that the amount realized from sale proceeds are correctly accounted for and that the amounts realized from the sales proceed are correctly credited to the account of the fund. He should also see that a balances sheet is made out quarterly and that there are no old outstanding items. Accounts Officer should see that the instructions contained in Para 248 to 267, in general, are applied.

Para 291 to 300 : Blank

Standard list of auditable documents

I. HQ DGBR

A.

1. Register of Service Books.
2. Register of Private Arms.
3. Stamp Account Register.
4. Register of Warrants and Credit Notes.
5. Register of Telephone, Trunk Calls.
6. Register of Contingent Stores.
7. Register of Losses.
8. Register of Books & Publications.
9. Packing Material Ledger.
10. Register of Office Equipment
11. Register of Survey & Mathematical Instruments.
12. Register for Compensation
13. Provisional Pension Register
14. Computer Hardware Register
15. Computer Consumable register
16. Hot/Cold Weather Establishment Register.
17. Register of Trees
18. Visitor's Book
19. Deposit repair register (Furniture)
20. Register of Barrack Damages
21. Issue Voucher and Receipt Voucher Control Register
22. Cash Book.
23. Cash Assignment Register.
24. Register of Cheque Books.
25. Demand Register.
26. MRO Register
27. Fund Allotment Register
28. Liability Register (Contingent & Fund)
29. Register of Cancelled/Dishonoured Cheques.
30. Unit Vehicle Register.
31. Log Book.
32. Driver Car Diary/Duty slip.
33. Vehicle Daily Running Account.
34. P.O.L. Ledger.
35. M.T. Tools and Spares ledger.
36. Register of attached Vehicles.
37. Unit Clothing & Equipment Ledger.
38. Personal Clothing & Equipment.

39. Identity & Personal Book.
40. Loan Issue Register.
41. Extra Issue Clothing Ledger.
42. Arms and Ammunition Ledger.
43. Tentage Ledger.
44. Fire Fighting Equipment Ledger.
45. Repair Material Ledger.
46. Medical Stores Ledger.
47. Expendable Stores Ledger.
48. Amenity Stores Ledger.
49. Register of Sanctions for Local Purchase.
50. Furniture Distribution Ledger (IAFW-1814)
51. Furniture Hire Statement.
52. Register of repeat orders.
53. Liquidated damage register.
54. Register of deposit works.
55. Register of re-appropriation of buildings.
56. Register of curtailment or abandonment of work.
57. Register of petty minor works.
58. Salvage Register
59. Indent Register
60. Clothing Card Control Register
61. Control Register of Administrative Approvals
62. Register of Tenders
64. Register of Enquiries
65. Register of CST (Works & Stores)
66. Furniture ledger
67. Fan & Meter Register
68. Register of Quotations
69. Register of Local purchase stores
70. Security Deposit Register
71. Register for Permanent and Temporary Building
72. Provisional Enlistment Register
73. Central Land Register
74. Risk and Purchase Register
75. Register of Enlistment of Contractors.
76. Register of Enlistment of Suppliers
77. Provisional Enlistment Register

II. HQ CE (P)

A. **Personnel and Administration**

1. Register of Service Books.
2. Register of Private Arms.
3. Stamp Account Register.
4. Register of Warrants and Credit Notes.
5. Register of Telephone, Trunk Calls.
6. Register of Contingent Stores.
7. Register of Losses.
8. Register of Books & Publications.
9. Packing Material Ledger.
10. Register of Appropriations.
11. Register of Survey & Mathematical Instruments.
12. Register for Compensation
13. Provisional Pension Register
14. Computer Hardware Register
15. Computer Consumable register
16. Dead Stock Register
17. Hot/Cold Weather Establishment Register
18. Register for Periodical Maintenance of Building
19. Deposit repair register(Furniture)
20. Register of Barrack Damages
21. Issue Voucher and Receipt Voucher Control Register
22. Register of Trees
23. Register of Explosive Stores.
24. Visitor's Book
25. Register of Office Equipment

B. **Cash Accounts**

1. Cash Book.
2. Job wise Fund Allotment Register
3. Cash Assignment Register.
4. Register of Cheque Books.
5. Check Register of Money Orders.
6. Register of Unpaid Wages.
7. Demand Register.
8. MRO Register
9. Register of Re-appropriation of Fund
10. Liability Register(Contingent & Fund)
11. CP Voucher Register
12. Register of Cancelled/Dishonoured Cheques.

C. P.O.L. Accounts

- 1) Unit Vehicle Register.
- 2) Log Book.
- 3) Driver Car Diary/Duty slip.
- 4) Vehicle Daily Running Account.
- 5) P.O.L. Ledger.
- 6) M.T. Tools and Spares ledger.

D. Stores Accounts

- 1) Unit Clothing & Equipment Ledger.
- 2) Personal Clothing & Equipment.
- 3) Identity & Personal Book.
- 4) Loan Issue Register.
- 5) Extra Issue Clothing Ledger.
- 6) Arms and Ammunition Ledger.
- 7) Tentage Ledger.
- 8) Fire Fighting Equipment Ledger.
- 9) Repair Material Ledger.
- 10) Medical Stores Ledger.
- 11) Expendable Stores Ledger.
- 12) Amenity Stores Ledger.
- 13) Register of Sanctions for Local Purchase.
- 14) Register of Rentable Buildings.
- 15) Occupation Return (IAFZ-2170).
- 16) Furniture Distribution Ledger (IAFW-1814)
- 17) Furniture Hire Statement.
- 18) Returns of Recoveries –Water (IAFZ-2218) and Electricity (IAFW-2298)
19. Register of repeat orders.
20. Project monitoring register.
21. Liquidated damage register.
22. Register of deposit works.
23. Register of re-appropriation of buildings.
24. Register of buildings hired out to private individuals for commercial use.
25. ‘Register of Estimated Rates’ for conclusion of contract and placement of supply orders.
26. Year wise target vis-à-vis achievement registers.
27. POL Consumption Register.
28. Job-wise Contract Material Register.
29. Job-wise proforma /departmental charges register.
30. Register of curtailment or abandonment of work.
31. Register of petty minor works.
32. Salvage Register
33. Indent Register
34. Clothing Card Control Register

E. WORK ACCOUNTS

1. Register of Administrative Approvals
2. Register of Technical Sanctions
3. Register of Appropriation (Works)
4. Furniture ledger
5. Fan & Meter Register
6. Register of Quotations
7. Register of Local purchase stores
8. Security Deposit Register
9. Rent assessment ledger
10. Register for Permanent and Temporary Building
11. Register of Losses
12. Expendable store ledger
13. Land Register
14. Register for Compensation (Contract)
15. Contractor's demand Register
16. Contract Register
17. Risk and Purchase Register
18. Register of Tenders
19. Register of Enquiries
20. Register of CST(Works & Stores)
21. Register of Enlistment of Contractors
22. Register of Enlistment of Suppliers
23. Provisional Enlistment Register

III. HQ Task Forces

A. Personnel and Administration

1. Register of Service Books.
2. Register of Private Arms.
3. Stamp Account Register.
4. Register of Warrants and Credit Notes.
5. Register of Telephone, Trunk Calls.
6. Register of Contingent Stores.
7. Register of Losses.
8. Register of Books & Publications.
9. Packing Material Ledger.
10. Register of Appropriations.
11. Register of Survey & Mathematical Instruments.
12. Register for Compensation
13. Provisional Pension Register
14. Computer Hardware Register
15. Computer Consumable register

16. Dead Stock Register
17. Hot/Cold Weather Establishment Register
18. Register for Periodical Maintenance of Building
19. Deposit repair register (Furniture)
20. Register of Barrack Damages
21. Register of IV and RV
22. Visitor's Book
23. Register of Trees
24. Register of Explosive Stores.

B. Cash Accounts

1. Cash Account Book.
2. Cash Assignment Register (IAFA-277)
3. Register of Cheque Books.
4. Check Register of Money Orders.
5. Register of unpaid wages.
6. Demand Register.
7. Job wise Fund Allotment Register
8. MRO Register
9. Register of Reappropriation of Fund
10. Liability Register (Contingent and Fund)
11. CP Voucher register.
12. Register of Cancelled/Dishonoured Cheques.

C. P.O.L. Accounts

1. Unit Vehicle Register.
2. M.T. Tools and Spares Ledger.
3. P.O.L. Ledger.
4. Vehicle Daily Running Accounts.
5. Log Book.
6. Driver Car Diary/Duty Slip.
7. Plant Record Book.

D. Stores Accounts

1. Unit clothing and Equipment Ledger.
2. Personal Clothing and Equipment.
3. Identity and Personal Book.
4. Loan Issue Register.
5. Extra Issue Clothing Ledger.
6. Arms and Ammunitions Ledger.
7. Tentage Ledger.
8. Fire Fighting Equipment Ledgers.

9. Amenity Stores Ledger.
10. Register of trees felled.
11. Register for Explosive Stores.
12. Register of sanctions for Local Purchase.
13. Register of Rentable Buildings.
14. Occupation Return (IAFZ-2170)
15. Furniture Distribution Ledger (IAFW-1814)
16. Furniture Hire Statement.
17. Return of Recoveries-Water (IAFW-2218) and Electricity (IAFW-2298)
18. Expendable Stores Ledger (Pertaining to unit administration).
19. Register of repeat orders.
20. Project monitoring register.
21. Liquidated damage register.
22. Register of deposit works.
23. Register of re-appropriation of buildings.
24. Register of buildings hired out to private individuals for commercial use.
25. "Register of Estimated Rates" for conclusion of contract and placement of supply orders.
26. Year wise target vis-à-vis achievement registers.
27. POL Consumption Register.
28. Job-wise Contract Material Register.
29. Job-wise proforma/departmental charges register.
30. Register of curtailment or abandonment of work.
31. Register of local purchase for CAT "A" spares against NAC of TSS.
32. Register of petty minor works.
33. Salvage Register
34. Indent Register
35. Clothing Card Control Register
36. Auction Register of Unserviceable stores

E. WORK ACCOUNTS

1. Register of Administrative Approvals
2. Register of Technical Sanctions
3. Register of Appropriation (Works)(IAFW-2244)
4. Furniture ledger
5. Fan & Meter Register
6. Register of Quotations
7. Register of Local purchase stores
8. Security Deposit Register
9. Rent assessment ledger
10. Register for Permanent and Temporary Building
11. Register of Losses
12. Expendable store ledger
13. Land Register
14. Register for Compensation (Contract)

15. Contractor's demand Register
16. Contract Register
17. Risk and Purchase Register
18. Register of Tenders
19. Register of Enquiries
20. Register of CST(Works & Stores)
21. Register of Enlistment of Contractors.
22. Register of Enlistment of Suppliers
23. Provisional Enlistment Register
24. Register of Buildings
25. Register of roads and Bridges
26. Store in Hand Ledger
27. Expandable Store Ledger
28. Register of Muster Rolls
29. Demolition Register
30. Register of IRMD/SRMD

F. Miscellaneous

- 1) Salvage Ledger.
- 2) Medical Stores Ledger.

IV. SS&TC/BD/ Engineer Stores & Supply Coy.

1. Central Stock Ledgers for all stores received.
2. Central V/E/P Register
3. Loan Issue Register
4. Unit Vehicle Register.
5. Unit clothing and Equipment Ledger
6. Register of Warrants and Credit Notes
7. Register of Losses.
8. Register of Contingent Stores.
9. Packing Material Ledger
10. Fire Fighting Equipment Ledger
11. CP Voucher Register
12. Expendable Stores Ledger (Pertaining to unit administration).
13. Auction Register of unserviceable stores
14. Salvage Ledger
15. Log Book.
16. Driver Car Diary/Duty slip.
17. Vehicle Daily Running Account.
18. P.O.L. Ledger
19. M.T. Tools and Spares ledger

V. Mobile Surgical Unit

1. Medical Equipment Ledger.
2. Surgical & X-ray Equipment Ledger.
3. Medical Stores Ledger.
4. Expendable stores ledger (Pertaining to unit administration).

VI. Medical Staging Section

1. Medical Equipment Ledger.
2. Surgical X-Ray Equipment Ledger.
3. Medical Stores Ledger.
4. Hospital Clothing Ledger.
5. Ledger for ration articles.
6. Ward Diet Sheet and Monthly Summary of Diets and Extras.
7. Hospital Admission & Discharge Books.
8. Amenity and Other Stores.
9. Expendable Stores Ledger (Pertaining to unit administration).

VII. RCC/BCC and other units

A. P.O.L. Accounts

1. Unit Vehicle Register.
2. M.T Tools & Spares Ledger.
3. P.O.L. Ledger.
4. Vehicle Daily Running Account.
5. Log Book.
6. Driver Car Diary/Duty Slip.
7. Plant Record Book.

B. Store Accounts

1. Unit clothing & Equipment Ledger.
2. Personal Clothing and Equipment Ledger.
3. Identity & Personal Book.
4. Loan Ledger.
5. Extra Issue Clothing Ledger.
6. Arms and Ammunition Ledger.
7. Tentage Ledger.
8. Fire Fighting Equipment Ledger.
9. Amenity Stores ledger.
10. Register of Rentable Buildings.
11. Occupation Return (IAFZ-2170)
12. Furniture Distribution Ledger (IAFW-1814)
13. Furniture Hire Statement.
14. Return of Recoveries – Water (IAFW-2218) and Electricity (IAFW-2298).
15. Expendable Stores Ledger (Pertaining to unit administration).

16. Register of buildings hired out to private individuals for commercial use.
17. "Register of Estimated Rates" for conclusion of contract and placement of supply orders.
18. Register of CPLs.
19. Auction register of unserviceable CAT "A" and CAT "B" stores.
20. Register showing sector/area of responsibility under RCC.
21. Year wise target vis-à-vis achievement registers.
22. Major Constructional Stores Register (MCS consists Bitumen, Cement, LDO, Explosive, TMT steel, WI wire, Angle Iron, CGI Sheet, etc.)
23. Other Constructional Stores Ledger.
24. POL Consumption Register.
25. Job-wise Contract Material Register.
26. Register of curtailment or abandonment of work.
27. Register of IRMD & SRMB.
28. Register of local purchase for CAT "A" spares against NAC of TSS.

Annexure 'A' to chapter-III

No.....
Office of the PCDA(BR).....
Dated.....

To,

The DGBR (by name)

.....

Sub: Quarterly report on Major Financial and Accounting irregularities.

The report on the above subject for the quarter endingis 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.

Principal Controller (BR)

Copy to:

(1) The CGDA, Ulan Batar Road, Palam, Delhi Cantt.-110010

(2) The Secretary, BRDB_____

(3) The Director General of Audit (Defence Services).....

(4) IFA (BR)

(5) HQrstogether with details of items shown in the margin.

Dy. CDA (BR)

**Annexure 'B' to Chapter III
(Fresh Cases)**

Office of the PCDA (BR).....

**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. CDA (BR)

**Annexure 'C' to Chapter III
Proforma II**

Office of the PCDA (BR).....

Report on Major Financial and Accounting Irregularities

Part II – Section A- Cash Irregularities

List of cases already reported but still outstanding

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

Dy. Controller (BR)

