

**DEFENCE ACCOUNTS DEPARTMENT  
OFFICE MANUAL  
PART – VIII  
(2014 Edition)**



सत्यमेव जयते

MANUAL OF INSTRUCTIONS AND  
PROCEDURE FOR THE M.E.S.  
WORKS DEALT WITH IN PRINCIPAL  
CONTROLLER'S /CONTROLLER'S OFFICE

ISSUED BY  
AUTHORITY OF THE CONTROLLER  
GENERAL OF DEFENCE ACCOUNTS

Revision of Office Manual Part VIII

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**Disclaimer:** This manual is intended for guidance of officers and staff of the Department and should not be quoted in correspondence with offices outside the Department. Nothing in this manual will be held to supersede any standing rule or order of Govt. of India with which it may be at variance.

## PREFACE

This manual contains instructions and procedure for the conduct and disposal of M.E.S. work dealt with in the Audit section of Pr. Controller's/Controller's office.

2. This manual is a departmental publication. The instructions contained therein are supplementary to those contained in the departmental "Codes" and "Regulations" of the Government of India
3. Any addition or alteration which may be necessary to the manual will be notified by the CDA (Army) Meerut with prior approval of the CGDA.
4. This edition supersedes the 1973 edition.



Place : New Delhi

**(Vandana Srivastava)**

Dated : 17<sup>th</sup> Sept. 2014

Controller General of Defence Accounts

**REGISTER OF CORRECTIONS**

<b>No. of Correction Slip</b>	<b>Month and Year</b>	<b>Paragraph affected</b>	<b>Initial of the person by whom posted and date of posting.</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>

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**CHAPTER I**  
**GENERAL ARRANGEMENTS**

**1. OBJECTIVES**

Objectives of Engineering Section are:-

- (i) To advise administrative / executive authorities on the financial management aspects of works and contracts.
- (ii) To advise on revenue aspects relating to rent and allied charges.
- (iii) To pay promptly and correctly for works executed by the contractors.

**1A.** The MES work dealt with in the Main Office of the Principal Controller/ Controller of Defence Accounts broadly relates to the following heads of classification :-

**(1) Major head 2076 – Defence Services – Army**

- (i) Minor Head 104 - Civilian – Sub head K – Military Engineering Service
  - (a) MES Establishment other than E.S.D.
  - (b) Engineer Store Depot
- (ii) Minor Head 105 – Transportation – Sub Head A – Traveling and outstation allowances
  - A-2 Temporary duty moves MES including E-in-C Branches & ESD
- (iii) Minor Head 108 – Research and Development Organisation – Sub Head 1 – Expenditure on works.
- (iv) Minor Head 109 – Inspection Organisation – Sub Head F – Expenditure on works.
- (v) Minor Head 800 - Other Expenditure – Sub Head B - Miscellaneous
  - (a) Unit Allowances and other Miscellaneous Expenses
  - B-(a) 9 - Military Engineer Services Establishments
  - B-(a) 13– Engineer Store Depot
- (vi) Minor Head 106 - Military Farms – 9 – Miscellaneous Expenses
- (vii) Minor Head 111 –Works
  - (a) Sub Head-A-Works
  - (b) Sub Head-B-Maintenance- Buildings, Communications, etc.
  - (c) Sub Head-C-Maintenance and Operation- Installations
  - (d) Sub Head-D-General Charges
  - (e) Sub Head-E-Tools, Plants & Machinery
  - (f) Sub Head-F- Stores (including transportation charges)

(g) Sub Head-G-MES Advances

(2) **Major Head 2079 - Defence Services – Ordnance Factories**

Minor Head 111 – Works

(3) **Major Head 2077 – Defence Services - Navy**

Minor Head 111 – works – Sub Head (d) Maintenance of buildings, communications etc.

(4) **Major Head 2078 – Defence Services – Air Force**

Minor Head 111 – works – Sub Head (d) Maintenance of buildings, communications, furniture etc.

(5) **Major Head 2080 – Defence Services – Research & Development**

Minor Head 111 – Works

(6) **Major Head 4076 – Capital Outlay on Defence Services**

(1) **Sub Major Head 01 – Army**

- (i) Minor Head 050 – Land
- (ii) Minor Head 105 – Military Farms
- (iii) Minor Head 107 – Ex-servicemen Contributory Health Scheme
- (iv) Minor Head 112 – Rashtriya Rifles
- (v) Minor Head 113 – National Cadet Corps
- (vi) Minor Head 202 – Construction Works
- (vii) Minor Head 799 - Stock Suspense
- (viii) Minor Head 800 - Other Expenditure

(2) **Sub Major Head 02 - Navy**

- (i) Minor Head 050 – Land
- (ii) Minor Head 104 - Joint Staff
- (iii) Minor Head 202 – Construction Works
- (iv) Minor Head 204 – Naval Fleet
- (v) Minor Head 205 – Naval Dockyards

(3) **Sub Major Head 03 – Air Force**

- (i) Minor Head 050 – Land
- (ii) Minor Head 202 – Construction Works
- (iii) Minor Head 206 – Special Projects

(4) **Sub Major Head 04 – Ordnance Factories**

- (i) Minor Head 052 – Machinery and Equipment
- (ii) Minor Head 111 – Works
- (iii) Minor Head 799 – Suspense

(5) **Sub Major Head 05 – Research and Development**

Minor Head 111 – Works

- (6) **Sub Major Head 06 – Inspection Organisation**  
Minor Head 111 – Works
- (7) **Sub Major Head 07 – Special Metal and Super Alloys Project**  
Minor Head 208 – Special Metal and Super Alloys Project.

2. Audit of expenditure relating to the MES Heads of Account mentioned in Para 1A above is conducted in the various sections of the Principal Controllers'/ Controllers' offices as shown below:

<b>Item (1) (i) Above</b>	<b>Pay Section</b>
<b>Item (1) (ii) Above</b>	<b>'T' Section</b>
<b>Item (1) (v) Above</b>	<b>'M' Section</b>
<b>Item (1) (iii), (iv), (2) to (6) Above</b>	<b>'E' Section</b>

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4. **Internal Audit Section:-** the work connected with local audit, e.g. decisions on references from Regional Audit Officers or audit and procedural matters, draft Paras of Local Audit Interest, examination of Government letters etc. and their circulation to RAOs, audit of loss statements, local test audit reports, tour review notes, RAOs inspection reports, rendition of appropriation accounts will be dealt with by "Internal Audit" Section.

**NOTE: -** The term "Regional Audit Office" used in this Manual includes the "Local Audit Officer" in areas where the inspection and review of Local Audit of the accounts of MES formations has been entrusted to them.

5. The work relating to the audit of MES Expenditure dealt with in 'E' Section will consist mainly of the following items:-

- (1) Scrutiny of Administrative Approvals and Technical Sanctions.
- (2) Check of Appropriations and Re-appropriations.
- (3) Scrutiny of Re-appropriation Statements of buildings.
- (4) Scrutiny of demolition Statements.
- (5) Submission of prescribed Reports and Returns in connection with the accounting and audit MES expenditure.
- (6) Scrutiny of Sale Accounts.
- (7) Preparation of Annual Review of Works Expenditure and financial stock taking in MES.
- (8) Provision of Cash assignment to MES officers / DEOs.
- (9) Certain adjustments pertaining to Sub-Audit Officers Accounts and adjustments of cost of stores issued to Engineer units (other than for F.P. & T.G. and other grants for which Miscellaneous Section is responsible).

- (10) Review of Balances under RDR Heads relating to MES and submission of a report annually to Accounts Section.
  - (11) Receipt and disposal of Invoices and packing accounts in respect of MES.
  - (12) Receipt and disposal of Defence I.D. Schedules from other Controllers.
  - (13) Receipt of Punching Medium from various AOs GE, printed Compilation from EDP Centre and their verification.
  - (14) Receipt of Monthly Expenditure Returns from the GEs and their acknowledgements.
  - (15) Scrutiny of sanctions accorded by DGDE (as distinct from DEOs, for which Miscellaneous Section is responsible).
  - (16) Scrutiny of Terminal Compensation claims forwarded by the DGDE department as well as the MES.
  - (17) Scrutiny of half yearly O.I.S. received from the AAO and their further pursuit.
  - (18) Preparation and submission of half yearly O.I.S.
  - (19) Cases of higher audit objections.
  - (20) Test audit objections including important preliminary slips containing a definite and formulated objection (other than those mentioned in Para 4 above).
  - (21) Draft Paras (other than those mentioned in Para 4 above).
  - (22) Audit Reports to higher authorities.
  - (23) Questions relating to recovery of Licence fee and allied charges i.e. interpretation of rules in quartering Regulations and other connected rules and orders.
  - (24) Scrutiny and vetting of contracts, amendments and deviation orders thereto and solution of all disputed items therein and of all points of doubt either raised by a contractor or by any officer of the Government.
  - (25) Cases involving criticism of administrative authorities on the acceptance of tenders or the working of contracts.
  - (26) Audit and authorization of claims arising out of MES contracts etc.
6. The following items of work of MES expenditure are dealt with in the office of the C.D.A. (Army) Meerut only:-
- (1) Payment of cost of maintenance of P.O.W. Cemeteries.
  - (2) Adjustment of Departmental charges for works done in respect of Navy / Air Force.
  - (3) Verification of the adjustment of the cost of vehicles issued by the Army to the MES in the half-yearly statement rendered by Army headquarters.

(4) Adjustment of annual contribution in regard to cantonment survey and allocation of expenditure between MES Head of Account and Army Head of Account.

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## CHAPTER II

### SANCTIONS AND ORDERS

9. **Administrative Approvals** – The audit of administrative approvals accorded by the Competent Financial Authorities lower than the Government of India will be conducted in 'E' Section. The Director General of Audit (Defence Services) is responsible for necessary audit of administrative sanctions accorded by the Government of India, and in their case it will only be seen that they have been issued with the concurrence of the Ministry of Defence (Finance).
10. In conducting the regular audit of administrative approvals accorded by the competent Financial authorities lower than the Government of India, it will be seen:-
- (i) that the authority according to the administrative approval is competent to do so and that necessity for the work has been accepted by the Competent financial authority.

**NOTE:** - No authority should exercise its powers or sanctioning expenditure on any special work which will be directly or indirectly to its own advantage or to his Headquarters, in all such cases sanction of the next higher financial authority should be obtained.

- (ii) Where the approximate estimate exceeds by more than 10 percent of the amount accepted by CFA as shown in Engineer Appreciation revised acceptance of necessity was obtained before Administrative Approval was accorded. This tolerance is, however, not intended to cover any additional requirements of users, or to enrich the specification already sanctioned;
- (iii) That the source from which the funds will be provided is stated;
- (iv) That in the case of work stated to be authorized it is covered by the authority quoted;
- (v) That the sanction together with the Approximate Estimate has been communicated to PCDA/ CDA direct by the sanctioning authority;
- (vi) That the charge is for bonafide public object;
- (vii) That the sanction is not accorded piecemeal with a view to bringing the amount within the powers of the sanctioning authority;
- (viii) That if additions become necessary through revision of scales or establishments or for other administrative reasons, a supplementary estimate is prepared and administrative approval obtained from the Competent Financial Authority empowered to accord such approval to the entire work including both the original and supplementary estimates;

- (ix) That in the cases of special works, reasons for according administrative approval justifying the execution of the work vide Para 6 (b) and 31 (a) Defence Works Procedure 2007;
- (x) That special works have not been approved in cases where the introduction of a new practice or change of scale is involved. All such approvals will be challenged in audit as requiring the sanction of the Government of India;
- (xi) That when a large number of services in a station of area is necessitated by a change of plan or policy, all the services to which Government is thus committed have been considered as on project of the purpose of administrative approval;
- (xii) That no project is split up merely to bring it within the powers, of an approving authority.
- (xiii) Original works of petty nature costing upto \*Rs.10,000/- may, at the discretion of the CWE/GE (Independent) be treated as “Repairs”. The CWE/GE (Independent) may delegate all or a portion of his powers under this paragraph to GEs or outstation AGEs by name. (\* Approval of competent authority required).
- (xiv) For administrative purposes Original Works are divided into the following categories :  
 Major Capital Works i.e. original works costing Rs.15 lakh or more.  
 Low-Budgeted Capital Works i.e. original works costing more than Rs.2 lakh but less than Rs.15 lakh.  
 Revenue Works i.e., original works costing more than Rs. 1 Lakh and upto Rs. 2 lakh.  
 Minor Works i.e. original works costing upto Rs. 1 lakhs.  
 Major Capital Works and Low-Budgeted Capital Works will be budgeted under Capital Heads.  
 Revenue Works and Minor Works as defined above will be budgeted under Revenue heads.
- (xv) New Original Works are further sub-divided as follows :-  
 Authorised Works:- Works Services for which scales are authorised in regulations or by separate orders of a general or specific nature issued by the Government of India are referred to broadly as Authorised Works.  
  
 Special Works:- Items of works services not falling within sub Para (a) above are referred to as “Special Works”. These may be approved only when exceptional local conditions justify the necessity, or as an important experimental measure. Special Works should not be approved if the effect would be to introduce a new practice or change of scales.

Engineer authorities will not be asked to undertake preparation of estimates of a project which includes special items of work unless the

Competent Financial Authority has accorded formal approval in principle of such items.

Note :-

Where no scales have so far been laid down and there are no orders prohibiting the undertaking of those works, the Competent Financial Authority for “Special Works” may sanction such works if it is customary or technically essential to provide the same.

If a building or service required is categorized as “Special”, all connected items thereto will be termed as “Special” and sanctioned as such under the powers of the Competent Financial Authority.

Superior specifications to those on which approved/ sanctioned Plinth Areas are based will be termed “Special”. Their incorporation in works at any stage during planning or execution without prior approval of the competent Financial Authority is not permitted.

(xvi) Specifications

(a) All works catering to short term requirement, i.e., accommodation not expected to be required for a period of over five years from the anticipated date of completion of the work, will be in temporary construction and built to specifications of the lowest possible type having regard to availability of material and the purpose of the facility or service.

(b) All works catering to long-term requirement, i.e., accommodation expected to be required for a period of more than five years from the anticipated date of completion of the work, will be built to permanent specifications.

(c) The above-mentioned period of five years will be taken as a close guide. Competent Financial Authority will use their judgment to decide about the choice of permanent or temporary specifications in special cases and record the reasons thereof while according Administrative Approval.

(d) Building will be identified as prestigious at the stage of approval of the Annual Works Programme (AWP). However, for such projects, a separate detailed justification will be submitted by the service HQrs to MoD. After the approval of MoD declaring the building as prestigious, it will be permissible to add in the Approximate Estimates a specific percentage subject to a maximum of 10 % of the total cost of the buildings towards providing special architectural features and superior specifications.

(e) Temporary specifications will be laid down by Zonal Chief Engineers on individual basis in accordance with general guidelines issued in this regard by E-in-C’s Branch.

(xvii) No New Works should be sanctioned and / or commenced in any financial year unless : -

(a) In case of Major Capital Works each costing Rs. 15 lakh or more, such a new work has been included in the Annual Major Works Program for the relevant financial year of the concerned Service or organisation as approved by Government of India.

(b) In case of Low-Budgeted Capital Works, such a new work has been included in the Annual Low-Budgeted Capital Works Program of the concerned Command or formation of equivalent level and duly approved by the GOC-in-C or officer of equivalent level; and

(c) In case of Revenue Works and Minor Works, these are planned and approved at appropriate CFAs' level against bulk funds placed at their disposal for this purpose by Command HQrs in each financial year.

**NOTE 1:-** All letters conveying administrative approval will be noted in the Register of Approvals to Works. I.A.F.W. – 1816 and filed in a separate file and pages in the file and will be serially numbered. Letters conveying revised administrative approval will be linked with the original approvals "Cols, 4, 8 and 13 of the" Register of Approvals to Works" (IAFW-1816) need not to be filled in with details."

**NOTE 2:-** In the case of important projects which are generally taken up for purposes of Financial Stock-taking, separate files for each Project may be opened for facility of reference.

11. **Technical Sanctions:** - Technical sanctions to costed schedules of works are accorded by Engineer authorities before calling for tenders or commencing work. Their powers in this respect are laid down in Table 'B' MES Regulations (1968 Edition, Reprint 1982). While conducting audit of these sanctions it will be seen:-

- (i) That sanction has been accorded by the Engineer authority competent to do so;
- (ii) That the technical sanction along with the costed schedules of projects or sub projects has been communicated to the PCDA/ CDA direct by the sanctioning authority;
- (iii) That the amount of technical sanction does not exceed the amount of administrative approval;
- (iv) That the costed schedules of work accompanying Technical sanction is based on the scales and designs laid down in Scales of Accommodation 2009 and Scales of Furniture for Defence Services 1989 or other authority issued by the Government of India and does not vary from the specifications shown in Part II of Approximate Estimates accompanying the letter conveying the Administrative Approval unless:-

- (a) The changes are necessitated by Engineer reasons and are not such as to alter the scope of the works.
- (b) There is no departure from authorized general specifications;

- (c) Any excess in cost involved is met from savings from other items of the work, and the total cost of project as administratively approved is not exceeded;
- (d) When the effect of such charges is to decrease the cost of work, the savings on the projects as a whole are surrendered to the authority concerned under the normal procedure;
- (v) That the schedules of works were prepared by competent Engineer authority before calling for tenders or commencing the works. No contract will be made nor work begun till the schedules have been costed and Technical Sanction given and that in the case of works carried out by specialist firms on their own designs, Technical Sanction has been accorded on the basis of the accepted design on receipt of tender but before acceptance of the contract;
- (vi) That in the case of works carried out by agencies other than the MES detailed plans and specifications in respect of projects costing more than Rs. 1 lakh have been shown to the MES for scrutiny from the users point of view and with regard to scales;
- (vii) That in the case of furniture prior approval of the Government of India has been obtained before any change in scale and design is ordered and that minor changes in design provided general principles are not altered and the cost is not materially increased, are ordered by Chief Engineers only if the E-in-C has delegated to them his powers to do so under Para 649 MES Regulations, (1968 Edition) (Reprint 1982).

**NOTE 1:-** In the case of works estimated to cost less than **Rs. 50,000/-** the preparation of costed Schedules of Works is discretionary and need not be insisted upon.

**NOTE 2 :-** All letters conveying technical sanction will be noted in the Register of Approvals to Works (IAFW – 1816) and filed in a separate file and pages in the file will be serially numbered. Columns 4, 8 to 13 of the Register of Approvals of Works (IAFW-1816) need not be filled in with details.

**NOTE 3 "-** In all cases, technical sanctions will be linked with the Administrative approval by citing reference to the Page No. thereof, and in the case of important project, which are taken up for Financial Stock taking, the technical sanctions may also be filed in the separate files opened for each project, as envisaged in Note 2 to the preceding Para.

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## CHAPTER III

### BUDGET

14. With a view to keeping an account of funds placed at the disposal of Commands under various Budget Heads, Registers of grants on I.A.F.W. 2244 are maintained. These Registers are opened and posted from the Budget Estimates communicated by Army Headquarters E-in-C's Branch and further sub allotments made there from by the CEs Commands.
- (Fly leaf instructions for the maintenance of this Register are given at Appendix I to this Chapter).
15. Appropriations and Re-appropriations subsequent to the Budget provision made under the orders of the competent authority are posted into these registers, in the case of command Offices, these Registers will be maintained for the Command as a whole and in the case of Addl. C.D.A / J.C.D.A./ DCDA Office(s) up to column 5 only. Rules for allotment and transfer of funds are given in the Defence Works Procedure 2007 Edition, and it will be seen that orders contained therein have been closely followed.
16. In the audit of appropriations and re-appropriations it will be seen:-
- (a) That the order has not the effect of increasing the amount of the appropriations without the sanction of the competent authority;
  - (b) That the amount appropriated is available under the head from which it is allotted;
  - (c) That the re-appropriation is authorized before the expiry of the year;
  - (d) That the order is issued by the competent Authority;
  - (e) That in the case of adjustment of savings and excesses within a project ordered by Engineer Officers without the sanction of the CFA who accorded the Administrative Approval to the Project, it will be seen:
    - (i) that the savings and excesses were caused by Technical reason and that the scope of the project is not altered and
    - (ii) that the total amount of Administrative Approval is not exceeded.
17. Budgetary control in respect of works carried out on behalf of the Navy, Air Force and Factories:
- (a) **Through the Agency of the MES:** Since the Regional Controllers are responsible for watching the progress of expenditure against sanctioned allotments, the AO/AAO attached to the MES formations will, after the close of the Monthly compilation prepare statements of compiled actual in triplicate (quadruplicate in case of Factory Works) reconcile them with Monthly Expenditure return relating to the Projects, and render them to the PCDA/ CDA within seven days of the close of the Monthly Compilation. The PCDA/ CDA will verify the figures shown therein

with those appearing in the printed sectional compilation and transmit within a week of receipt of the monthly compilation two copies of the statement of the Factory Works to PC of A (Fys).

- (b) **Through the Agency of the Civil PWD authorities other than on a standing arrangement:** In these cases also, the AO/AAO (MES) will furnish monthly statements to the PCDA/ CDA as at (a) above after adjustment of the debits received from the Civil Accounts Officer and incorporation in their monthly Punching Medium.
- (c) **Through the Agency of the Civil PWD as a standing arrangement:** In these cases, the responsibility for watching the progress of expenditure against the sanctioned allotments devolves on the Civil Accounts Officers concerned. The Receipt and expenditure pertaining to such works will, on receipt of SAO Accounts, be incorporated by the Regional Controllers in their compilations by per contra adjustments. The figures so compiled by Controllers will also be included by them under a separate heading in the statements to be rendered to the Concerned PCDA/ CDA.

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**APPENDIX – I**  
**FLY LEAF INSTRUCTIONS**  
**REGISTER OF APPROPRIATIONS**  
**(Authority: OM Part VIII Paras 14 and 15)**

**OBJECT**

1. To keep an account of Funds placed under various Budget Heads in the original Sanctioned Estimates or by Re-appropriations and to watch that the Aggregate amounts of Sub-Allotment thus made do not exceed the total Appropriation placed at their disposal.
2. The Register will be maintained in IAFW-2244. Separate register will be opened for:
  - (a) Major Works
  - (b) Minor Works
  - (c) Maintenance of Buildings, Communications, etc. and Maintenance of Installations / Workshops.
  - (d) General Charges.

Separate sets of registers will be maintained as above for Army, Navy, Air Force, Factories, Farms, etc.
3. Indices for Command and each CWE should be opened under each Index. The particular work for which the amount is allotted and the page in which the allotment has been entered should be indicated.
4. The number and date of the letter under which allotment or re-appropriation is communicated would be shown in the column provided and at each stage; the balance un-allotted as exhibited in Col. 8 of the register should be agreed with the balance shown in the allotment / re-appropriation letters. The file and page number where the letters of allotment is recorded should be indicated under the No. and the date of the letter.
5. Rules for the allotment and transfer of funds are given in the Defence Works Procedure 2007. It will be seen that orders contained therein have been closely followed.
6. The above register will be made use of in checking expenditure returns and Annual Review Statements, where necessary.
7. Entries in the register will be made under each detailed head except when additional funds are allotted to a work for which an entry already exist in the register. In such a case, the serial number assigned to the first entry be repeated in red-ink (vide Para 62 UA Manual).

8. Entries in the register will be attested by the auditor making the same and certified by the AAO regarding their general correctness.
9. The register will be submitted to the officer, I/C of the Section on the 20<sup>th</sup> of each month.

Register of Appropriation I.A.F.W. – 2244

(See paragraph 187, Regulations for the MES (1968 Edition))

Head .....

Area .....

Sub Area .....

Item No.	Particulars & Authority	Original appropriation and additions	Reduction	Total appropriation after each transaction	Allotment made	Total of allotment	Balance un-allotted	Remark
1	2	3	4	5	6	7	8	9

## CHAPTER IV

### CONTRACT AND SECURITY DEPOSITS

20. **Acceptance of Contract Agreements** : - The rules for the issue of tender notices etc., and acceptance of Contract Agreements by the MES Authorities are given in Para 417 to 432 of the MES Regulations (1968 Edition) and the powers of acceptance thereof in Table 'B' *ibid*.
21. Although responsibility for the correctness of any contract in every respect lies with the Officer by whom it is accepted, the Defence Accounts Department is required to exercise an intelligent scrutiny of contracts entered into by authorities lower than the Government of India and the E-in-C. This in fact is one of the important functions of their work as the contract form the basis of payments.
22. Particulars of all the contracts concluded by the MES formation will be recorded in a Register to be opened for the purpose. The fly leaf instructions and the Proforma of the above register are contained in Appendix IV to the Chapter.

When original copies of contracts, deeds, etc., are received they will be kept under lock and key. Where the contracts etc., are classified documents they will be kept with the Officer-in-Charge irrespective of whether they are original or duplicate copies. They will be made available only to those who are concerned with the audit and payments in respect thereof.

**NOTE:** - Original Contract documents will also be made available to the Technical Examiner to enable him to exercise the necessary check of final bills or scrutiny of the Contract Agreements themselves.

23. In the case of contracts accepted by the CE and CWE, the original and duplicate copies of the Contract Agreements as well as any amendments thereto are forwarded by the accepting officer direct to the Regional PCDA/ CDA. In the case of contracts accepted by the GE, the original and duplicate copies of contract agreements as well as any amendments and deviation orders thereto are sent by the GE, to the PCDA/ CDA through the AO/AAO (MES) who will carry out preliminary check thereon as laid down in Chapter III of "UA Manual".

These documents will, on receipt, be checked by the Contract Group of 'E' Section and duplicate copies thereof will be returned to the AO/AAO MES formation concerned duly "scrutinized and attested" over the signature of the officer-in-charge.

The original copies of contract documents will be recorded in files which will be bound as early as possible.

**NOTE (i):** In the case of contracts concluded by CWE/ CE, letter according approval in principle to the deviation is received direct from the accepting officer. Two copies of the Deviation Orders are received through the AO/AAO.

**NOTE (ii):** In the case of contracts accepted by CWE / CE a copy of the CST will be scheduled to RAO / LAO concerned for verification in the formation concerned at the time of his audit visit.

24. **Scrutiny of Contract** – The various forms of Contracts and types of contracts that are generally dealt with in the MES are described in paragraphs 403 to 414 of the Regulations for the MES (1968 Edition) and are to be studied with reference to the revised Contract Forms. When the Contracts are prepared on standard forms, their scrutiny by the PCDA/ CDA prior to acceptance is not necessary, but the original documents should be forwarded to the PCDA/ CDA for post scrutiny and safe custody. Contract agreement will be scrutinized interalia to see :-

- (i) The Administrative Approval has been obtained and technical sanction accorded by the Competent Engineering authority. In case of Term Contract for Artificers Work on allotment of funds under the appropriate minor head implies administrative approval to the execution of services to that extent and no further administrative approval is required;
- (ii) That the Contract Agreements are concluded on the Standard forms and that the rates secured are the lowest obtainable keeping in view the efficiency of services and supplies, etc.;

In the case of tenders containing freak rates, the lowest tenderer has been asked at the pre-acceptance stage to correct the same and no upward revision of freak rates has been allowed in any case. The lump sum quoted by the contractor has been corrected on the basis of the revised rates and the quantities of items involving freak rates have been reasonably estimated on the basis of known facts.

That in the case of tie between two lowest tenderer whose tenders are on the same level and when the accepting officer is unable to decide as to whose tender should be accepted, both the tenderers have been asked to re-quote on the spot confidentially and lowest re-quoted tender (not more than the previous tenders in the tie) has been accepted.

- (iii) That the rates allowed compare favorably with the former rates as well as those prevailing in the neighbouring Division for similar types of work; marked variations, if any, will be commented upon;
- (iv) That the Standard Security Bond or the Earnest money and Security Deposit have been furnished and that the contractor has not been given a contract in excess of his financial limits, in exceptional cases, Chief Engineers are authorized to exempt specialist firms and other reliable Security. Such discretion will, however be exercised with the prior concurrence of the E-in-C;
- (v) That the accepting officer has signed personally (a) the comparative statement of tenders under the heading "orders of the officer accepting the tender" and (b) the Tender and Contract Forms (IAFW No. 2159, 1779, 1821 etc.) in the space

following the words "Accepted by me" and also (c) the endorsements specifying the rank, name and designation of the officers (who will not be below gazetted or commissioned rank) authorized to sign the remaining documents comprising the contract;

- (vi) That the notice of tender, comparative statement of tenders, tender and contract forms with all annexure (e.g. special conditions, errata sheets, specifications and drawings, etc.) and any errors, omissions corrections, erasures alternatives and additions in any documents relating to the contract have been signed or initialed by the Accepting officer or his representative except as stated above and the contractor;
- (vii) That the contract agreement concluded is for the services for which the MES is responsible under rules;
- (viii) That the terms and conditions of the contract are so worded as not to admit of any two alternative interpretations being placed thereon;
- (ix) That the contract does not include uncertain or indefinite liabilities for other side;
- (x) That the legal aspects of the contract have been considered where necessary;
- (xi) That no undue liability is imposed on Government due to omission of necessary clause or insertion of unauthorized clauses or by faulty wording of any condition for the supply of materials or labour or other facilities to the contractor;
- (xii) That one of two alternatives – water will be supplied by MES or water will not be supplied by MES – is deleted from the tender;

**NOTE** — If according to tender, water will be supplied by the MES, the particular mode of assessing the recovery of water charges is specified in the tender and the exact number and locations of the points (where water supply is existing at more than one point) from which water will be made available is also mentioned in the Special Conditions of the Contract.

- (xiii) That the contract has not been made by or on behalf of a minor;
- (xiv) That where a contract has been signed by a person holding a power of attorney on behalf of a contractor, a copy of the Power of Attorney is furnished. It will be ensured that the Power of Attorney is executed before, and authenticated by a Notary Public (entitled to practice under Notary Act 1952 (53 of 1952)) or any court, Judge Magistrate, Indian Counsel or vice Counsel or representative of the Central Government.

The copy of power of Attorney will be recorded with the original contract in cases where delegation is for the specific contract and in a guard file where the delegation is in general terms. In the latter case, a note will be kept on the contracts concerned that the Power of Attorney in the guard file has been verified.

- (xv) That the authority concluding the contract on behalf of Government is competent to do so. In the case of a "Term Contract" for a period of more than a year the authority competent to accept a contract is determined on the basis of the estimated value of one year's approximate work;
- (xvi) That prior sanction of the E-in-C, is obtained where a departure from the existing procedure is involved or where special tenders such as "Cost Plus" type are invited;
- (xvii) That in the case of transactions of the nature given below, the PCDA/ CDA has been consulted as far as possible, before the conclusion of the contract :
  - (a) Making a contract without calling for tenders including single tender contracts up to Rupees 10 Lakh.
  - (b) Accepting a tender other than the lowest or of an unusual nature. All such tenders should be noted in a register to be maintained for the purpose (for completion of Statement 'D' of Annual Review of Works Expenditure).
  - (c) Accepting tender containing freak rates or rejecting tender containing freak rates which otherwise was most acceptable.
  - (d) Making a long term contract.
  - (e) Supply of electric energy and water to private building (i.e. buildings not owned, hired, leased or appropriated or used by the Government of India in the Min. of Defence) if the rates are not the All India recovery rates in force from time to time :
- (xviii) Single tender contracts up to Rs. 25,000/-, 6.00 Lakh and 25 Lakh have been concluded by GE, CWE and CE respectively in consultation with the PCDA/ CDA except where for reasons of urgency (to be recorded) it is not considered possible to do so. (In all such cases the accepting authority should render a report to the next higher engineer authority). In the case of such contracts concluded by the CE, the value of which exceeds Rs. 10 Lakh, prior approval of E-in-C, and FA has been obtained.
- (xix) That in the case of contracts of a doubtful nature or involving an uncertain liability or any condition of an unusual character, sanction of the Government of India exists vide Para 394 MES Regulations (1968 Edition 1982 Reprint).
- (xx) That there is a provision for arbitration in the contract and the arbitrator is specified to be an engineer officer to be appointed by the "Engineer in Chief" for contracts accepted by the CE and by "CE of a Command" for contracts accepted by a CWE, GE or AGE;
- (xxi) That an index letter and serial number has been allotted to the contract;
- (xxii) That the acceptance letter, composition of contract sheet, notice of tender, tender forms (including schedules), conditions of contract, specifications,

drawings, etc., which form part of the contract documents have been furnished in original along with the comparative statement for scrutiny and record with the contract agreements. The contract documents should reach the PCDA/ CDA's office within four weeks of their acceptances.

NOTE: In the case of (i) works for which tenders were previously called for but not accepted due to change of policy (ii) tenders being too high for want of adequate competition, the original copy of the comparative statement of tenders relating to these tenders for the same job is also required to be forwarded to the PCDA/ CDA along with the fresh tenders.

- (xxiii) That whenever the schedule or prices is taken as the basis of the contract for any payment, the schedule and the rate in force on the date of issue of the notice of tender have been made applicable. In the case of contracts where no notice was issued, the schedule of prices in force on the date on which the contractor was asked to undertake the work will apply;
- (xxiv) That the rates for material to be supplied on repayment shown in Schedule 'B' are correct according to the MES Standard Schedules of Rates 2010 and Estimating Data , in force;
- (xxv) That tenders for works costing between Rs 5 Lakh and Rs 20 Lakh have been advertised in the local newspapers by direct press advertisements and for works above Rs 20 Lakh through DAVP; Accepting Authorities may at their discretion also advertise tenders for works costing 5 Lakh and below.;
- (xxvi) That the tenderers have been given a period of 4 to 5 weeks for submission of tenders in respect of contracts concluded by CE and 3 to 4 weeks in respect of contracts concluded by CWE/ GE except in case of small jobs when the period allowed to the tenderers will not less than 3 weeks. However, for item rate contracts, this period shall not be less than two weeks.
- (xxvii) That a clause has been included in all tender documents specifying the period for which the tender will remain open (from the date prescribed for its submission).

NOTE: A period of thirty days will normally be specified in all B&R, Furniture and Electric contracts. In the case of contracts for specialists services e.g. Air conditioning etc. where it is anticipated that it may not be possible to take a decision with regard to the acceptance of tender within this period, a longer period may a specified initially.

- (xxviii) That the Administrative Approval has not lapsed and the contract is not likely to cause an excess over the amount of the Administrative Approval;
- (xxix) That the details of the original works(s) and special repairs shown in Schedule 'A' of the Contract Agreement conform to the Administrative Approval and Technical sanction thereof;
- (xxx) That works which provide for the restoration of buildings, roads; installations or services rendered unusable by a extraordinary cause e.g. a building damaged

by storm, fire or earthquake, are treated as original works and not ordinary / special repairs;

NOTE : The authority to determine whether a building damaged as stated above is unusable or not will be decided by a Court of Enquiry convened to investigate the loss.

- (xxxix) That works involving the demolition of buildings and rebuilding them over existing foundations either to existing or improved specifications are treated as original works and not as normal / special repairs;
- (xxxii) That the sanction of the Chief Engineer of the Command to the hire of the T and P at the rates shown in the Schedule 'C' of the contract Agreement exists;
- (xxxiii) That the rates of hire of Government transport mentioned in Schedule 'D' of the Contract Agreement conform to the rate prescribed for the purpose;
- (xxxiv) That in the case of projects estimated to cost Rs. 3 Lakh or more, when the amount of accepted contracts reduces the cost of project below the administratively approved amount by more than 15%, the approved amount of the project has been reduced by the amount exceeding 15% by CE / CWE within whose powers of technical sanction the work falls. The details of reduction have been sent to the PCDA/ CDA and all other concerned. The amount of 15% retained is used to cover variation in cost for technical reasons;
- (xxxv) That the contract does not overlap any existing contract;
- (xxxvi) That the specifications of work in the contract do not vary from those described in the costed schedules of works;
- (xxxvii) That the number of contractors who applied for the tender is shown in the comparative statement. In cases where tenders are not issued to any of the contractors who applied for them, the reasons for not doing so may be ascertained from the accepting officer in particular cases;
- (xxxviii) That normally contracts have been placed only after tenders were openly invited from the contractors on the MES approved list. In cases where tender document were issued to a contractor not on the approved list and such a contractor turns out to be successful it should be seen that he had enlisted himself before the contract was actually awarded to him. In all such cases pending proper enlistment and execution of Security Bonds, the contractor's tender is required to be accompanied by an earnest money limited to the amount of security deposits under Para 504 of the MES regulations (1968 Edition Reprint 1982).
- (xxxix) That prior permission of Ministry of Defence has been obtained for carrying out negotiation with tenderers.

**NOTE:** - Any reference to tenderers for the purpose obtaining clarifications in respect of freak rates shall not be considered as negotiation.

- 24-A Check list on the scrutiny of contracts by the Main office is appended as Annexure A to this Manual (After Chap.V).
25. Special attention will be paid to the following requirements which are essential to guard against fraudulent alteration;
- (i) That contract agreements are prepared in the same handwriting and ink throughout;
  - (ii) Blank spaces are either filled in or a line is drawn through such spaces;
  - (iii) Rates including the percentage above or below the schedule are expressed in words as well as in figures. Even where the contract form does not provide for the rates to be shown therein, it should be seen that the Engineer Officer concerned exhibits the rates in words as well as figures.
26. In addition to the general checks mentioned above, the following special instructions will be followed in the scrutiny of the contracts:-
- (i) **Term Contract (IAFW-1821)**
    - (a) Prior concurrence of the CE has been obtained for a term Contract covering a period of more than one year up to 2 years;
    - (b) Where a limit lower than Rs. 20,000 has been specified it will be seen that the approval of the CWE concerned has been obtained thereto;
    - (c) In schedule 'B' of the contract only those stores are included which either come under the category of controlled stores or are difficult to obtain in the open market. This system will have the effect of lowering the Contractor's rates as the contractors are saved the risk and trouble caused by non-procurement of these stores.
  - (ii) **Lump Sum Contract (IAFW-2159)**

It will be seen that:-

    - (a) The services for which the contract has been concluded do not come under the term contract for the area.
    - (b) A certificate has been recorded on the contract agreement that the Contract and Schedule of Errors have been checked by S.W. with Bills of Quantities.
    - (c) The deviation percentage inserted in the contract is in accordance with the orders issued by the E-in-C.
  - (iii) **Measurement Contract (IAFW-1779)** at a fixed percentage above or below the rates given in the Schedule of prices. In the following circumstances it is permissible that measurement contracts may be executed for new works and maintenance services beyond the limit of Term Contract:
    - (a) When it is considered imperative to commence work without the delay which the preparation of Bills of Quantities might involve.

- (b) In other special cases e.g. when the local contractors are not capable of tendering on lump sum basis.
- (c) When there is difficulty in estimating the quantities correctly until the work has been commenced (e.g. extensive roof or floor repairs or other large internal alterations).

In cases (a) and (b) above, it will be seen that prior approval of the engineer authority immediately superior to that empowered to make contracts has been obtained unless the contract is accepted by the Chief Engineer in which case he will be the deciding engineer authority.

(iv) **Item Rate Contract (IAFW-1779-A):**

Check the rates in the contract with the Schedule of prices and scrutinize special rates, if any,

(v) **Running Contract for supply of material (IAFW-1815-R)**

- (a) See that the rates at which materials are to be supplied, time allowed for delivery, place of delivery, etc., are specified.
- (b) See that IAFW-1815-Z (General Conditions) is attached with the contract.

(vi) **Contract for conveyance of materials (IAFW-1815-A):**

- (a) Ascertain if the A.S.C. are unable or unwilling to carry out the conveyance of material on behalf of the MES.
- (b) Compare the rates allowed with these of the ASC Contract if any,
- (c) A conversion table is invariably appended to the contract in cases where the Unit provided for payment is different from the unit on the basis of which stores are conveyed.

(vii) **Tender and Contract for Piece Work (IAFW-1780):-**

- (a) See that Contract is confined to the executed of a specific work only.
- (b) See that it is concluded in respect of a piece of work where a rate only is agreed upon without reference to the total quantity of work to be done, or to the work to be done within a given period.

(viii) **Contract for supply of furniture (IAFW-1815-R):**

- (a) See that the articles of furniture, for the supply of which the contract has been concluded, are the authorized articles of MES supply.
- (b) Compare the rates with the furniture rate list.

(ix) **Contract for Tube Well Boring:-**

See that the instructions laid down in Para 12.8, Manual on Contracts, 2007 are followed in concluding such contract.

(x) **Agreements for lease of Government Buildings to Private individuals:-**

See that the provisions of the Rules with regard to the insurance of the buildings in Para 637 MES Regulations (1968 Edition, Reprint 1982) have been observed.

(xi) **Electrical and Water Supply Agreements:-**

(a) See that the model form of Agreement for supplies to or by the MES, as given in Appendix 'M' to Regulations for MES, has been used.

(b) See that the rules regarding the execution of such agreements as given in Section 10 of MES Standing Orders have been followed.

(c) See that in the case of Agreement for electric supplies received from outside sources, the rates charged for electric energy supplied to the military Buildings are not in excess of the limits of price provided for in the supply company's Licence as prescribed in Section 3(2) (d) (i) of I.E. Act, Section 23(i) *ibid* also refers.

(d) See that the provisions of articles 287 of the Constitution are fulfilled.

(xii) **Contract for Handing Engineering Stores (IAFW-2320):-**

(a) See that the conversion table at Schedule 'B' agrees with the Weight/ Conversion shown for corresponding items in Standard Demand List of Engineer Stores (S.D.L.E.S.).

(b) See that the various processes given at Schedule 'A' do not overlap each other.

**AMENDMENTS TO THE CONTRACTS :-**

27. Amendments to the Contract Agreements are also required to be scrutinized by the Contract Group of 'E' Section. These amendments will be made in the form of an annexure and not in the form of a correction to the original contract. These annexures will be page numbered in continuation of the original numbering in the Contract Agreement and additions noted on page 1. After scrutiny etc., these will be appended to the relevant contract.

28. All cases involving increase of rates after the contract agreements are completed will be specially looked into by the Officer-in-Charge Contract Group of 'E' Section to see that the amendment is warranted.

29. MES Standing Orders provide that for an amendment having a considerable financial effect the PCDA/ CDA will be consulted wherever possible before it is accepted. It will be seen that these instructions are complied with by the Engineer Officers.

30. In the scrutiny of amendments to contract the following points will be kept in view:-

(i) An Officer empowered to accept a contract is also competent to fix any rates in that contract for items of work which are neither provided for, nor deductible

pro-rata from the rates in the Standard Schedule, i.e. in any contract within his powers of acceptance he may fix any star prices required.

Before approval is accorded by the competent authority a pro-rata or a star rate involving a payment of up to Rs.50,000 will be checked technically by the Surveyor of Works (or ASW where SW is not posted) of the CWE Office and by the Senior Surveyor of Works of the Zonal / Project CE's Office where the payment involved in respect of an individual item is more than Rs.50,000

A CWE is authorized to fix, before expiry of the period covered by the contract as originally executed or as subsequently amended, all star rates relating to any contract, whether accepted by him or any higher authority.

A GE is similarly authorized to fix any star rate relating to a contract accepted by any higher authority provided that such rate does not involve the payment of more than Rs. 5,000/-. Where the star rate has not been sanctioned before expiry of the period covered by the contract as originally executed or as subsequently amended, the sanction of the authority who accepted the contract must be obtained.

- (ii) An Officer competent to accept a contract is also competent to amend it provided that the contract as amended is within his powers, except that the sanction of the next higher authority must be obtained :-
  - (a) If an amendment involves enhancement of contract rates;
  - (b) To any amendment issued after the contractor has signed his final bill or, in the case of running or term contracts for minor works, maintenance, supplies etc. after expiry of the period covered by the contract.
  - (c) To an amendment involving change of specifications in respect of items containing freak rates.

**NOTE:** - The issue of amendments to a contract after the contractor has signed the final bill without any reservation (i.e. with a clear no claim certificate) is irregular and should not be accepted.

- (iii) If an amendment should bring the value of the contract above the powers of officer who accepted the tender the amendment will be referred for acceptance to the authority within whose power the revised value of the contract lies. In such cases the amended contract will have the same implications as if it were originally concluded for the amended amount.

The formal amendment should, therefore, include not only the subject matter giving rise to the amendment, but also an additional statement to the effect that the contract as now amended will be deemed to have been accepted by the officer, defined by stating his appointment, who has the authority to accept contract for the total increased amount.

- (iv) In the case of running contract (e.g. contracts for the supply of materials, etc.) only an approximate amount is entered in the tender as a rough guide. If the

actual value of work done, etc., exceeds the limit it will not constitute an amendment thereto provided.

- (a) The additional work is ordered in accordance with the conditions of the contract within the period covered thereby and;
  - (b) The effect has not increased the value of the contract beyond the powers of acceptance of the engineer authority concerned;
- (v) Circumstances under which extension of time may be granted by GE are stated in condition 11 of the IAFW-2249 as amended from time to time. These extensions are issued as Deviation Orders instead of Amendments or work orders. To safeguard against future claims from contractors for alleged idle labour or additional establishment etc., the Deviation Order for extension of time will, in addition to indicating the changes in dates of completion, include the following endorsement :-

"Financial effect – Nil"

In agreeing to this extension it is an express condition agreed to by both the parties to the contract that all other condition of the contract still hold good.

Both parties should sign the Deviation Orders in time. All amendments relating to grant of extension of time by the MES Officers will be subjected to a critical and intelligent scrutiny, as any laxity in the examination of amendment during the currency of the contract might result in Government abandoning legitimate claims against the contractor at later stage.

- (vi) In the case of amendments providing for the issue of stores (to the Contractor) other than these listed in the Schedule 'B' of the contract agreement, it should be seen that the issue rates fixed for such stores are the highest of the following rates :-
- (a) Stock book rate as on the date of issue of the stores;
  - (b) Market rate as on the date of acceptance of tender.
  - (c) Rates deduced from the tendered rates in case of contract based on Bills of Quantities and item rate contracts.
  - (d) Rate in the MES Schedule adjusted by Contractor's percentage in case of contract based on MES Schedule of rates.
- (vii) Amendments to the contract Agreement are issued for addition of new items of extra work.
31. In the case of amendments involving enhancement of contract rates it will be seen that the reason advanced for the enhancement are justifiable and amendments have been noted in a register to be maintained for the purpose of preparation of Statement 'D' of Annual Review of Works Expenditure.
32. Deviation Orders in respect of Lump Sum and Measurement Contracts will also be received in the Contract Group of the 'E' Section for security and

disposed of in like manner to amendments as explained in the preceding paragraphs. A deviation order will be scrutinized to see that:-

- (i) The Deviation Order is given descriptive heading as provided for in Section 19.3, Manual on Contracts, 2007 and the manner in which the deviations are to be measured and priced is stated;
- (ii) The proposed Deviation is within the terms of the Contract and does not have the effect of changing the scope of the contract;
- (iii) The Deviation Order has been signed by the Contractor and approved by the competent authority;
- (iv) The pro-rata /Star rates, if any, have been checked by the SW or ASW (when SW is not posted) / SSW. Such rates will be checked cent percent in audit; Please see MES Regulations 1968 Edition Para 439 as amended.
- (v) As a result of deviation order the value of the contract is not exceeded beyond the original value plus the maximum Deviation percentage admissible thereon under the terms of the contract, provided the Deviation Order shall not have the effect of increasing the value of the work beyond the powers of acceptance of the Authority sanctioning the Contract, in which case sanction of the higher Engineer Authority in whose powers of acceptance of contract the increased value of work lies, shall be obtained;
- (vi) If the actual expenditure under a contract exceeds the maximum deviation limits laid down by the E-in-C from time to time, in such cases not only the prior concurrence of the Engineer Authority within whose powers of acceptance of the contract the actual expenditure lies, is necessary but also an amendment to the contract to increase suitably the deviation percentage shall be approved, by that authority. In addition prior concurrence of the E-in-C will be necessary to those where the deviation limits laid down by the E-in-C have been exceeded.
- (vii) Increase / decrease in quantities in respect of items containing freak rates in the proposed deviation has been kept to the minimum and prior approval of the engineer authority next higher to the accepting officer has been obtained where increase / decrease in quantities in respect of such items exceeds 5% of the estimated quantities.
- (viii) The Deviation Order does not result in the value of the contract exceeding the amount of the Technical Sanction / Administrative approval;
- (ix) Covering Deviation Orders are not preferred as a matter of course.
- (x) After acceptance of contract, the execution of works and their supervision will be carried out by the engineers-in-charge as per MES Regulations read with MES Standing Orders. Deviations on and amendments of contracts, if necessary, will be carried out as per MES Regulations and Standing Orders.
- (xi) While constructing a building, new specifications or materials can be introduced if technical or aesthetic reasons so justify, with the prior approval

of the Zonal Chief Engineer concerned, subject to the condition that this must be within the existing tolerance limit as applicable and not exceeding 5 % of the original Administrative Approval amount.

33. A brief record of the important point noticed during the course of scrutiny of contracts will be kept by the contract group of section in the critical review register to be maintained for the purpose. The fly leaf instructions for the maintenance of the register and its Proforma are given in Appendix-II to this chapter. This register should be utilized for the preparation of statement 'D' of the Annual Review of Works Expenditure.

33-A All extensions of time granted through DOs/ Covering DOs will be recorded by the contract Group of 'E' Section in Register of Extension DOs. Fly Leaf instructions for the maintenance of the register and its Proforma given in Appendix-III to this chapter.

34. **SECURITY DEPOSIT :-**

All approved Contractors will deposit security in either of the following forms:-

34-(a) Execute the standard form of Security Bond at the time of enlistment as per the following table as Security against performance:-

Class	Upper Tendering Limit (Rs.)	Value of Standing Security Deposit (Rs.)	Limit of minimum Reserves / total of moveable and /or immovable property of fixed assets (in case of Companies) (Rs. in Lakhs)	Authority competent to Enlist
1	2	3	4	5
'SS' (UNLIMITED)	No limit	Rs 15.00 Lakh	Rs 120.00 Lakh	E-in-C
'S' (SPECIAL)	Rs 15 Crore	Rs 11 Lakh	Rs 80 Lakh	CE Command
'A'	Rs 7.5 Crore	Rs 7 Lakh	Rs 75.00 Lakh	CE Zone / Project
'B'	Rs 3 Crore	Rs 4 Lakh	Rs 60.00 Lakh	CE Zone/ Project
'C'	Rs 1 Crore	Rs 1.75 Lakh	Rs 25 Lakh	CE Zone/ Project
'D'	Rs 50 Lakh	Rs 1 Lakh	Rs 12.5 Lakh	CE Zone/ Project
'E'	Rs 25 Lakh	Rs 0.50 Lakh	Rs 8.0 Lakh	CWE

Such contractors will not be required to deposit earnest money and security for individual works. In the case of a Contractor of unlimited class,

only one bond is executed by him although he may be working under more than one CHIEF ENGINEER. The bond shall be accepted by the CHIEF ENGINEER in whose command the Head Quarters of the Contractor are situated. Contractors of all other classes will be required to execute a separate Bond with the Chief Engineer of each command in which they wish to operate.

34-(b) **SCALE OF EARNEST MONEY:**

Scale of earnest money to be lodged by the Contractors borne on the MES approved list but who have not executed the Standard Security Bond bill be as follows :

<i>Sl No.</i>	<i>Estimated Cost of Works</i>	<i>Earnest Money</i>
(i)	Upto Rs 50 Lakh	2 % of the amount subject to a minimum of Rs 5000/-
(ii)	Over Rs 50 Lakh and upto Rs 100 Lakh	Rs 1,00,000 + 1.5 % of the amount exceeding Rs 50 Lakh
(iii)	Over Rs 100 Lakh and upto Rs 500 Lakh	Rs 1,75,000 + 1 % of the amount exceeding Rs 100 Lakh
(iv)	Over Rs 500 Lakh and upto Rs 1500 Lakh	Rs 5,75,000 + 0.50 % of the amount exceeding Rs 500 Lakh
(v)	Over Rs 1500 Lakh	Rs 10,75,000 + 0.50 % of the amount exceeding Rs 1500 Lakh subject to a maximum of Rs 15.00 Lakh

34-(c) **INDIVIDUAL SECURITY DEPOSIT**

Security Deposit for individual works (i.e. Individual Security Deposit) shall be 25% more than the amount of Earnest Money calculated as per the scale laid down in Para (b) above (i.e. 1.25 times) based on tendered cost subject to the provision that in no case the Individual Security Deposit shall exceed Rs. 18,75,000/-.

34-(d) Specialist Firms, who have not executed Standing Security Bond / Lodged Standing Security Deposit, shall be permitted to tender for specialist work without depositing Earnest Money alongwith tenders. They will, however, have to lodge before acceptance of tender, Security Deposit for the work calculated as per sub Para (c) above.

35. The Security Deposits will be scrutinized to see that:-

- (i) The Bond conforms to the standard prescribed form.

(ii) The Security has been tendered for the amount for which the Bond has been executed.

(iii) The Security has been deposited in any of the following prescribed forms:

- (a) Government Securities
- (b) State and Municipal Debentures
- (c) Post Trust Bonds
- (d) Deposit receipts of the State Bank of India and its subsidiaries and Nationalised Bank.
- (e) Guarantee Bonds executed by a schedules Bank and countersigned by the State Bank of India or recommended by the Reserve Bank of India for acceptance.
- (f) Post Office cash certificate for their market price.
- (g) Post Office Saving Bank pass book.
- (h) National Savings Certificate at market price.

} at 5% below market Price  
or at face value whichever  
is less

(iv) The Bond has been executed in the name of the Chief Engineer of the command in which the contractor wishes to operate / is operating. Securities have been pledged in favour of the President of India if they are in the form of Post Office Saving Certificates, and in favour of the Principal Controller of Defence Accounts/ Controller of Defence Accounts of the Command if they are in any other form.

(v) The Bond is stamped and registered in accordance with the law of the state in which it is executed.

**NOTE:** Registration may be dispensed with in state where security bond can only be registered as mortgage deed entailing heavy stamp fees.

(vi) Where the Bond has been signed by a person other than the individual in whose name it has been executed, a power of attorney (registered in a court of law) in favour of the signatory to the Bond is attached.

(vii) All blank spaces have been filled in all corrections, etc. have been attested by the parties concerned.

36. The standard security Bond along with Security Deposit in the form noted at Para 35 (iii) will be entered in the Security Deposit Register over the signature of the Officer-in-Charge and kept in a safe custody. A receipt on IAFW-299 will be given to the depositor which will be surrendered by him at the time of claiming refund of security deposit.

**NOTE -1:** In the case of the contractors of unlimited class, the Regional Controller on receipt of the Bond and Security Deposits from the Chief Engineer concerned (under whose Command, the Headquarters of the Contractor are situated vide Para 34 ante) will communicate the No. allotted by the Chief Engineer to the Security Bond and the fact that the Security Deposit has been lodged, to the other Regional Controllers who will keep a note of the fact in their register of Security Deposits.

**NOTE-2:** The fly leaf instructions for the maintenance of the register of Security Deposits are contained in the Appendix-I to this Chapter.

**NOTE-3:** Bank Guarantee Bonds received in lieu of Security Deposit will be entered in a separate register over the signature of the Officer-in-Charge to ensure that timely action is taken for their extension, renewal and or enhancement as the case may be.

The fly leaf instructions for the maintenance of the register of Bank Guarantee Bonds are contained in Appendix-V.

37. Enforced recoveries from Contractors from their Security Deposits will be affected in communication with the Chief Engineer of the Command concerned.
38. The following procedure for the refund of Security Deposits will be followed.

**Refund of Standing Security Deposit (Unlimited Class)**

- (a) The contractor applies to the Chief Engineer, with whom the Standing Security is lodged, for the release of the security Deposit. The Chief Engineer writes (under advice to the PCDA/ CDA) to all GEs etc. to render him a "No Claim Certificate" to the effect that :-
  - (i) There are no claims outstanding against the contractor.
  - (ii) A period of 12 months has passed since the completion of the last contract executed by the contractor.
  - (iii) Any guarantee period in any particular contract executed by the contractor is over.
  - (iv) Final bills in respect of all contracts have been paid.

Simultaneously the CE calls for 'No claim certificate' in respect of the contractor from the CE of other Commands endorsing a copy of this communication to the PCsDA/ CsDA of those Commands. The PCDA/ CDA of the Command in which the security is lodged will on receipt of intimation from the Chief Engineer call for "No Claim Certificates" from the other Regional PCsDA/ CsDA and from the UAs of his own Command.

PCDA/ CDA of other Commands will also take similar action in respect of their areas on receipt of the first communication on the subject from the CE / PCDA/ CDA of the Command concerned. On receipt of (i) "No Demand Certificate (IAFA 451)" (ii) No Claim Certificate" from his AO/AAO and all the groups dealing with bills in 'E' Section, Store Contract Sections. (iii) "No Claim Certificates" from other PCsDA/CsDA, the PCDA/ CDA of the command where the contractor has lodged his standing security will authorize CE of his command to release the security to the contractor. The return of the documents will be noted in the Security Deposit register under the signature of the Office-in-Charge 'E' Section.

- (b) **Standing Security Deposit (other than those of Unlimited Class)**

For release of standing security in respect of Contractors who have deposited "Standing Security" in each command in which they were enlisted, the procedure to be followed would be the same as detailed in sub-Para(s) above, except that action to write to PCDA/ CsDA of other commands will not necessary.

- (c) When Standing Security is deposited with an authority other than the Chief Engineer, the procedure set out in Sub-Para (b) above will mutatis mutandis be followed.

39. **Refund of Security Deposit for Individual Contract:**

When security is lodged for particular contract, the following procedure is to be followed:

- (a) The contractor applies to the Accepting Office with a "No Demand Certificate" on IAFA 451 for release of security.
- (b) When CE is the accepting officer he writes (under advice to the PCDA/ CDA to GE concerned with a copy to the CWE to render a "No Claim Certificate" to the effect that :-
  - (i) There are no claims outstanding against the Contractor.
  - (ii) The maintenance period is over.
  - (iii) Any guarantee period specified in the CA is over.
  - (iv) The final bill has been paid.
- (c) PCDA/ CDA on intimation from the CE calls for "No Claim Certificate" from AO/AAO.
- (d) The CE writes to the PCDA/ CDA with the Contractor's "No Demand Certificate" and GEs "No Claim Certificate" to authorize the GEs to release the security.
- (e) The PCDA/ CDA authorize the release of the Security after receipt of certificates at (d) above and also the "No Claim Certificates" from AO/AAO.
- (f) When accepting officer is other than the CE the procedure laid down in Sub-Para (a) to (e) will be followed with necessary modifications.

In case individual security is pledged to the Chief Engineer the accepting officer will write to the PCDA/ CDA to notify the CE to release Security.

40. **Stock Verification of Securities:**

Physical stock verification of securities will be conducted annually in the month of April as well as at the time of transfer of charge of section officers, and the result of such verification endorsed on the Register of Securities under the signature of section officer in the following manner:-

"Certified that all the securities as shown in the Register of Securities are physically in existence".

41. BLANK.
42. BLANK
43. BLANK.

## APPENDIX-I

### FLY LEAF INSTRUCTION FOR REGISTER OF SECURITY DEPOSIT

#### OBJECT:

For the purpose of maintaining a record of Security Deposits and their refund.

1. The register will be maintained in IAFA-285 separate Registers will be maintained for standing securities and Additional/Individual Securities for particular contracts.
2. Separate folio will be allotted in the Register for each Contractor. The security deposits along with standard Security Bond, where applicable will be entered in the appropriate Security Deposit Register over the signature of the Officer-in-Charge and kept in safe custody. Similar entries will be made when the securities are released.
3. Reference to Security Bond number / Contract Agreement Number for Standing Security / Individual Security will be cited at the top of each folio.
4. In the case of contractors of unlimited class, the Regional Controller, on receipt of the bond and security deposits from the Chief Engineer concerned (under whose command the HQrs of the Contractor are situated) will communicate the number allotted to the Security Bond by the Chief Engineer and the fact that the Security Deposit has been lodged, to other Regional Controllers who keep a note of the fact in the Register of Security Deposits.
5. The Register will be submitted to the Officer In-charge of section at the time of each entry.
6. Certificate regarding physical existence of securities will be endorsed at the time of annual stock verification and transfer of charge of section officer.

## APPENDIX-II

### FLY LEAF INSTRUCTION FOR THE MAINTENANCE OF CRITICAL REVIEW REGISTER

#### OBJECT:

To have a day to day record of points noticed during the scrutiny of contracts for utilization in the preparation of statements of Annual Review of Works Expenditure relating to the working of contracts.

1. The register will maintained in the Proforma given below. A few pages will be set apart to record the irregularities of the following nature.
  - (1) Cases in which tenders other than the lowest have been accepted.
  - (2) Cases showing defective drafting of contracts.
  - (3) Cases in which work was started or carried out without concluding any contract.
  - (4) Cases in which the contract Rates / Amounts were enhanced without increasing the scope of work(s) to be carried out by the contractor(s).
  - (5) Cases in which long term contracts are not considered to be financially sound.
  - (6) Miscellaneous cases.
2. Cases of extension of time will be recorded in a separate register maintained for this purpose vide Para 33-A O.M. Part VIII.
3. Entries in the register will be made throughout the year as and when cases come to notice. Each entry in the register will be attached by Sr. AO/AO and GO.
4. When the Annual Review of Works Expenditure is due six sub-statements (viz. 1, 2, 3, 4, 5 and 8 of statement D) as provided in Para 127 O.M. Part VIII will be prepared from the entries in this registers.

The register will be submitted to the Sr. AO/AO and The GO by the 10<sup>th</sup> of each month.

#### PROFORMA

Sr. No.	No. and Year of the CA with the name of the Contractor	Particulars of irregularity

### APPENDIX-III

#### FLY LEAF INSTRUCTION FOR THE MAINTENANCE OF REGISTER OF EXTENSION DOs

**OBJECT:**

To record details of extensions of time given through DOs/Covering DOs.

1. This register will be maintained in the proforma appended below and will be supplementary to the main Critical Review Register required to be maintained under Para 33 OM Part VIII.
2. All extensions of time granted through DOs/ Covering DOs in respect of contracts operated during the year should be recorded in this register. Entries will be made division wise and contract wise. Auditors, while scrutinizing DOs, will ensure that suitable entries are made in this register, under the respective cols. And endorse on the office copy of the forwarding memo of the DO the page no. and item no. of this register, wherein the relevant entries have been made Reasons for the grant of extension of time, if not available while making the entries in the register will be called for and receipt watched, to complete the relevant cols. In this register, the Register will be utilized for the preparation of statement 'D' of the Annual Review of Works Expenditure.
3. This register will be submitted to Sr. AO/ AO on the 10<sup>th</sup> of each month and to the GO once in a quarter.

(Authority: Para 33-A and 127 OM Part VIII)

#### PROFORMA OF REGISTER OF EXTENSION DOs

Sl. No.	Name of Garrison	Particulars of Work	Contract Agreement No. and Year	Period or time allowed as per work order (Form ... month / days)	DO No. and date	Extension allowed From..... To.....
1	2	3	4	5	6	7

Total period of extension months / days	Reasons furnished for extension	Whether DO is regular or it is covering DO	Whether DO is accepted / objected to in audit	Remarks
8	9	10	11	12

## APPENDIX-IV

### FLY LEAF ISNTRUCTIONS – REGISTER OF CONTRACTS

#### OBJECT:

This register will serve as a list of original contract Agreement received and recorded with the PCDA/ CDA. The Register will be consulted at the time of preparation of the Annual Review of Works Expenditure statements relating to the working of Contracts.

1. This register will be maintained in the Proforma appended below. Separate pages will be set apart to record contracts concluded by the GE / CWE/ CE.
2. All contracts concluded by authorities empowered under Table B Regulations for the MES (1968 Edition) during the Financial year will be entered in this register. On receipt of a copy of the acceptance letter from the accepting officer with the comparative statement of tenders, column 1 to 10 of the register will be completed and the register submitted to the AO along with the acceptance letter and CST Columns 12 and 13 will be completed subsequently on receipt of the original contract agreement and Dispatch of the certified copy thereof after scrutiny, to the AO concerned. During the scrutiny of the contract agreement if it is found that the contract agreement is based on pre-priced schedule 'A' the fact will be noted in column 16 of the register. After payment of the final bill the original contract agreement along with the deviation orders etc., will be sent to Record section for custody duly bound. Then columns 14 and 15 will be completed after ascertaining the bound volume No. from the "Record Section".
3. The drawing should be kept along with the contract agreement. But where it is not possible to file the drawings along with the contract agreement due to the unusual size of the drawings, they may be kept separately in safe custody of the Officer-in-Charge and the fact noted in the contract agreement file and in column 16 of the Register. When the CAs are sent to 'R' Section the concerned drawings will also be sent to the section for safe custody.
4. This register will be consulted at the time of preparation of Statement D & G of the Annual Review of Works Expenditure.
5. This register will be submitted to Sr. AO/AO once a month and to the GO once a quarter.

(Authority: Para 22 OM Part VIII)

## REGISTER OF CONTRACTS

Contract Agreement No. & Year	Name of the Division	Description of the Bank	Name of the Contractor	Contract Amount	Percentage above or below SSR	Period of contract in case of term contract and Handling Contract	Whether tendered through open competition
1	2	3	4	5	6	7	8

Whether lowest tender was accepted	Date of acceptance	Initials of the AAO	Date of receipt of contract agreement main office post scrutiny	Date of return of the certified copy of the contract agreement to the AO MES	Date on which sent to record for binding etc.	Bound volume No. in which the contract is recorded	Remarks	Initial of the AAO
9	10	11	12	13	14	15	16	17

## APPENDIX-V

### FLY LEAF ISNTRUCTIONS FOR MAINTANING THE REGISTER OF BANK GUARANTEE BONDS

#### OBJECT:

For the purpose of maintaining a record of Bank Guarantee Bonds and to ensure their timely extension, renewal and or encashment when required.

1. This register will be maintained in the Proforma given below, separate pages being allotted for guarantee Bond (i) in lieu of Security deposit and (ii) in lieu of retention money.
  - (i) Serial No.
  - (ii) Name and address of the Contractor / Firm.
  - (iii) Financial limit.
  - (iv) CA No. and date
  - (v) Name of the Bank
  - (vi) Bank Guarantee Bond No. and date
  - (vii) Amount of the Bond
  - (viii) RBI Guarantee No, and date.
  - (ix) Pledged in favour of
  - (x) From when received with No, and date of the forwarding Letter.
  - (xi) No. and date of reference under which acknowledged.
  - (xii) Date of expiry of :
    - a. Guarantee Bond
    - b. RBI Guarantee
  - (xiii) Initial of Officer I/C
  - (xiv) Date of renewal / release of Bond
  - (xv) Initials of Officer I/C
  - (xvi) Remarks.
2. After exercising necessary check and completing entries in the register, Guarantee Bonds in lieu of Security Deposit will be placed in a cover and kept in safe custody. The original Guarantee Bonds in lieu of retention money will, however, be returned to the accepting offer and copies thereof sent to CWE / GE / AO concerned. One copy thereof will be retained in the section in safe custody.

3. The register will be reviewed on the 5<sup>th</sup> of every month and cases in which Bank Guarantee Bonds are due to expire after two months and have not yet fallen due for release will be brought to the notice of the MES authorities concerned for arranging their extension / renewal and, if necessary for encashment. In case of Bank Guarantee Bonds in lieu of security deposits, a copy of such communication will be endorsed to the bank concerned as a 'Notice of Demand' referred to in Para 3 of Bank Guarantee.
4. Certificate regarding physical existence of securities will be endorsed at the time of annual stock verification and transfer of charge of section officer.
5. The register will be submitted to the Officer-in-Charge on 10<sup>th</sup> of every month after completing the review / after action contemplated in Para 3 *ibid* and quarterly to the GO.

(Para 36 (Note 3) OM Part VIII).

## CHAPTER — V

### BILLS AND PAYMENTS

44. **GENERAL:** - Bills must be disposed of as expeditiously as possible. Bills which do not involve much clerical work will be disposed of within three days and others within seven days of their receipt. When it is found necessary to return a bill un-passed, care should be taken to see that it is not returned unnecessarily and that all the objections are taken up together and not piecemeal. Remarks and observations of a routine nature having no financial effect do not warrant the return of a bill. In such cases bills should be passed for payment subject to compliance with necessary remarks and observations.
45. Bills submitted to the PCDA/ CDA's office must be audited before payment thereof is authorized. Payment of these bills subject to post-audit is not in order. Controllers will not authorize any "Provisional" payment, where there is no authority. Similarly Provisional payments will be made only under the personal orders of the Principal Controller/ Controller. Cases of lack of powers or lack of authority should be dealt with in the normal manner by the administrative authorities going up to the branches at Army Headquarters. It is only when some clear evidence is available that not only has the necessity for the expenditure been accepted but that the sanction of the appropriate authority has either actually been accorded or will be forthcoming that Controllers may use their discretion in the timing of the payment to avoid hardship.

Cases of lack of budget provision should be dealt with by Principal Controllers/ Controllers with a greater sense of proportion and if there is evidence that at the highest level with which they are in direct contract, some action has been taken for obtaining of additional allotments, they could use their discretion for the release of amounts to the parties concerned. Here again, where third parties are involved e.g. contactors and others, and there is a definite legal liability to pay, payment should not be withheld, but each case should be decided on its merits and on the strength of the legal aspect of the claim (Legal advisers should be consulted in doubtful cases).

There are cases where, on account of lack of documentation or lack of time for the verification of particulars or for the completion of all audit requirements, a final payment cannot be made to the parties concerned, whether Government employees or third parties. In such cases, the amount which is clearly payable can be paid to the parties. The payments so made are also to be treated as provisional payments.

**NOTE:** The finalization of all provisional payments will be watched through the medium of a register and case when such payments remain unadjusted for long period, would be brought to the notice of higher administrative authorities for immediate action. The register will be subject to review by CDA/ JCDA in the same manner as Registers subsidiary to the Review of Balances.

There are isolated cases where specific directions are given by the Defence Ministry (or by branches at Service Headquarters when the Defence Ministry has empowered them to sanction the expenditure) calling on the Controller to

make a payment (to a party) which from the face of the direction, cannot be regarded as final. In such cases, though on principle the ultimate responsibility for watching the final adjustment and the settlement of the payments should rest with the Ministry of Defence or the branches concerned at Service Headquarters, it is incumbent also on the Controllers to watch the finalization of these transactions. This will be done through the register maintained for provisional payments. The authorities concerned will be reminded regularly for the final settlement of the transaction, and if no satisfactory response is forthcoming the matter should be reported to the CGDA with full particulars to enable the latter to take up the matter with the appropriate authorities.

46. In order to facilitate identification of corrections, etc., red coloured ink or pencil will be used in audit. All ticks and correction, etc., must be small and neat, care being taken to avoid obliteration of details.
47. Requisitions, Indents Supply Orders and other documents, etc., supporting a bill should be cancelled at the time of audit so as to avoid the possibility of another claim being entertained therefore. The endorsement of cancellation should be made by the auditor concerned under his dated initials and checked by the SO (A) / AAO.
48. **Pre-Audit of Bills :-** With the exception of bills paid by the MES authorities under their financial powers, vide Para 572 Regulations for the MES (1968 Edition) all bills after preliminary check by the AO (MES) (and Surveyor of Works in the case of final work bills) will be received in the 'E' Section. It should also be seen that the AO (MES) have exhibited the results of their audit of every bill and account in three parts, vide MES UA Manual.
49. Bills will be distributed to the auditors concerned and will be audited by them in accordance with the general rules and instructions laid down in the succeeding paragraphs. When an auditor is fully satisfied as regards the correctness of bill in every respect he will complete the audit encasement and submit it to the SO (A) / AAO for check and submission to the Officer-in-Charge of the section for his review and signing the payment order. The Officer-in-Charge will attest any alterations made on the bill while pre-auditing. After the pay order has been signed by the Officer-in-Charge of the Section, the bill will be returned to the MES Officers concerned for payment out of cash assignment. In the case of bills paid by the main office direct, a Disbursement, Voucher No, will be allotted to the bill, from the D.V. numbering Register (Fly leaf instructions for the maintenance of this register are given at Appendix I to this Chapter). This Disbursement Voucher No. will also be noted in the punching Medium accompanying the bills. All bills passed during the course of the day will be entered in the Register of Daily payment (IAFA – 728) separately for each division and passed on to D section with covering schedules. Before the bills are passed on to the 'D' Section cheque slip IAF (CDA) – 223 will be prepared and attached to the bills where the cheques are to be issued in favour of banks for credit to the Public Fund / Imprest accounts of the units. Where the cheques are to be issued in favour of contractors / suppliers or their bankers cheque forwarding memo (IAFA 838)

will be prepared and attached with the bills. 'D' Section will return the office copy of the cheque forwarding memo, through which contractors / bankers acknowledgement will be watched.

"Register of Daily Payments" will be returned by 'D' Section direct to 'E' Section. It will be verified by the 'E' Section that all paid vouchers and DP Sheet for payments made during the month have actually been received back from 'D' Section and that the amounts paid agree with those shown in the Voucher Numbering Book.

**NOTE:** - Any alteration in the DP Sheets will be signed in full by the Officer-in-Charge /AAO (if authorized to sign DP Sheet). A complete list of Officers / AAOs who are actually employed in passing bills / signing DP Sheets, will be sent to 'D' Section.

50. **Post-Audit of Bills:** - The original Cash Book for the Assignment / Imprest Account together with the necessary supporting vouchers in original duly listed is rendered by the MES Officers to the PCDA/ CDA concerned soon after the cash book is closed.

In the case of an Imprest Holder recouping his Imprest from another MES assignment Holder, an extract of the former's cashbook is forwarded to the PCDA/ CDA by the latter along with the original cashbook.

**NOTE:** - The following vouchers are not submitted to the PCDA/ CDA but kept in safe custody by the AO GE for audit by the RAO at the time of his visit. The cash book will, however, be accompanied by a covering list showing numbers and amounts of the vouchers retained together with a certificate to the effect that all these vouchers have been recorded by him and that no vouchers have been left with the MES Executive :-

- (a) Muster Rolls or other vouchers in support of payments to labourers irrespective of amount, work charged personnel bills and pay bills of MES establishment.
  - (b) Other cash vouchers whether relating to works or contingencies, the amount of which do not exceed Rs. 100/-
51. On receipt of the Assignment cash book together with the extracts of the Imprest Cash Book (in the case of Imprest Holder recouping Imprest from the Cash assignment) with necessary supporting vouchers and the lists referred to in Para 154 MES UA Manual the PCDA/ CDA will audit the same (i.e. castings and check with vouchers) and return the Cash Book to the AO/AAO.

The vouchers will be dealt with as under:-

- (i) Vouchers received with list No.1 Para 154 (1) MES UA Manual requiring Post payment, technical check vide Para 58 (II) of the Manual will immediately be forwarded to the T.E.
- (ii) Vouchers (including minus bills) received with list II vide Para 154 (ii) MES Accountants Manual will be post audited in the same manner and to the extent

prescribed in Para 60 below for pre-audit of vouchers. The pay order cage will be suitably endorsed and passed by a Gazetted Officer.

- (iii) The return of the vouchers forwarded to TE and other Section will be watched through a register and those vouchers will be finally recorded month-wise along with the lists received from the AO/AAO.
52. **Demands:** - A Demand Register (IAFA – 590) will be maintained for watching the following items of Demands:-
- (i) Amounts intimated for recovery from contractors on accounts of fines imposed for delay in completion of works, etc., and the amounts objected to in audit as over draws in previous bills.
  - (ii) Over payment to Contractors including these notified by Technical Examiners.
  - (iii) Recoveries on account of Arbitration awards in favour of the Government.
  - (iv) Such other miscellaneous amounts the recovery of the adjustment of which the PCDA/ CDA considers should be watched specially by the 'E' Section e.g. Sale of property etc.
53. A systematic watch over the clearance of these demands will be kept in the 'E' Section and it will be ensured that the MES Executive Officers have been complying with the procedure noted below in the cases of over payments to the Contractors. Cases of serious delay in effecting recoveries from the contractors will also be reported to the CGDA for communication to the Administrative and Financial Authorities at Army Headquarters.
54. The following procedure is required to be followed by MES officers for recovery of overpayment from contractors:-
- (i) A GE who cannot effect recovery of an over-payment within two months from the date of its discovery or notification is to report this fact to his CWE.
  - (ii) On receipt of such a report, the CWE is to inform his other GEs with a view to recovering the money from any amounts due to the same contractor in their Divisions and if the adjustment cannot be made within a further period of two months he is to report this fact to his Chief Engineer.
  - (iii) On receiving a CWE's Report, the CE is to inform other CWEs in the Command with the same object in view and if the money cannot be recovered within 6 months from the date of original discovery or notification he is to report this fact to the E-in-C, AHQ.
55. **Assignments:** - The proposals received from the CEs' / CWEs for placing cash assignments in favour of MES disbursing Officers will be scrutinized in 'E' Section to see that the proposed amounts are compatible with the anticipated cash expenditure of the formation concerned. After this scrutiny 'D' Section will be authorized to arrange the assignment.
56. As far as possible all demands for recoupment of Imprest will be complied with on the date on which they are received. It will be seen that cash balance in hand

is given in the demand and that by the issue of the cheque in recoupment, the prescribed limit of the Imprest holder is not exceeded.

MES Officers holding cash assignments may draw the amount of imprest authorized to them from the cash assignment and recouped as and when necessary. Similarly amount of Imprest allowed to outstations Supdts. B/R or E/M may be advanced and recouped by the GE / SDO (if AEE) concerned from his cash assignment.

The procedure for enfacement of pay order and issue of cheque etc. in regard to demands for imprest recoupments will be the same as for Pre-Audit bills, as stated at Para 49 ante.

57. Blank

58. **Technical Examination of Bills, etc., by the MES Authorities and the Technical Examiner :**

The responsibility for the technical examination of MES bills and other initial records rests with the MES authorities and the TE. The following procedure will be observed for the pre-payment and post-payment technical check of final bills.

(i) **Pre-payment check:** - All final bills will be technically checked by the Surveyor's Assistant in the GEs Office and then sent under Bill forwarding Certificate (IAFW-2254) to the office of the CWE for technical check and the technical observations, if any, should be settled by these authorities and the certificates in cage IV of the bills signed by them before the bills are passed on to the AO/AAO.

The bill after check by the SW in the CWE's Office will then be forwarded to the AO/AAO GE who, after carrying out the prescribed checks, will forward it to the PCDA/ CDA or return it to the GE as the case may be, for payment.

Pre-payment Technical check is also exercised by the SSSW in SE's Office on final bills for specified service, etc. should the CDA find it necessary to refer these bills back he will send them to the GE concerned and report any important irregularities or observations to the CWE /CE as may be considered necessary.

(ii) **Post-payment Technical Check:** - All final works bills are required to be sent to the Technical Examiner for post-payment technical check. For this purpose the pre-audited final bills will be sent to him soon after their receipt from the AO/AAO GE. The bills requiring post-audit may be transmitted to the TE after check in the second month following that to which the bills pertain.

**NOTE:** - Bills for Running Account Payments on IAFW – 2263 and bills for purchase of stores of supply, repair and carriage of T&P are not to be sent to the TE unless specially called for by him.

59. **Accounting of Stores: Transactions and checking of bills into Measurement and Periodical Services Measurement Books:-** To enable the RAOs / AOs to conduct local audit with reference to the original vouchers, pre-audited and post-audited bills will be furnished when called for by them. The return of these vouchers will be watched through a register maintained for this purpose.

60. **Extent of Audit:-** – Arithmetical check of calculations in works Bills and Requisitions will be exercised in respect of only as many items of work up to a total of 10% of the gross amount shown in a bill. The items to be checked will be selected by the auditor but the auditors selection will be scrutinized by the AAO 'E' Section, when he deals with each bill.

Schedule rates will be checked up to 50% and pro-rata and Star prices upto 100%.

The Arithmetical check of the "Statement of Stores" and statements of Tools and Plants will be continued to as many items as work up to a total of 10% of the total amount shown in the Statement.

Notwithstanding the above, however, the Officer-In-Charge 'E' Section will have discretion to increase the prescribed percentage or order a complete check in works bills and requisitions, statement of stores and Statement of Tools and Plants, should it be considered that such a course is necessary owing to the number and nature of errors found in the course of audit.

61. A record of all payments to a contractor will be maintained in a separate sheet appended to the Contract Agreement. The payment will be noted at the time of the pre-audit or post-audit of cash voucher as the case may be.

RARs after post-audit of the month's accounts will be recorded with respective contract agreements.

61(a) **Register of sanctions:-** Payment of rent of hired buildings and other recurring charges such as rates and taxes, water and electricity charges etc., will be recorded in a Register maintained in the form shown below, which will also indicate the relevant sanctions.

The fly leaf instructions for the register are contained in Appendix II to this Chapter.

**PROFORMA FOR THE REGISTER OF SANCTIONS-HIRED BUILDINGS ETC.**

Brief particulars of the charges etc. name of building etc.	No. & date of sanction	Period of the sanction	Amount of sanction	Reference to the file in which the sanction is recorded	Details of payment (DV No.& month, amount, period to which the payment relates	Dated initial of the AAO	Remarks (information as to the existence or other wise of an agreement deeds will also be recorded in

							this col.
1	2	3	4	5	6	7	8

62. **Audit of Bills** : The audit of bills will be conducted with reference to the rules in Regulations and Audit Codes, etc. The general points to be seen in audit are:

- (i) That the works Bills have been submitted in the prescribed form and are in original;
- (ii) That they have been duly receipted by payees and that vernacular signatures etc. have been transliterated;

**NOTE 1:** The Contractor's receipt should be for the gross amount of the bill, i.e. inclusive of the amount, if any, deducted on account of security deposits.

**Note 2:** In the case of Final works bills, the Contractor's stamped receipt is obtained in cage IX at the time of issue of cheque, after audit.

- (iii) That the details work up the total and that the totals have been shown in words as well in figures;
- (iv) That there are no erasures and that alterations in the totals have been attested by the Officer concerned as many times as they have been made.
- (v) That the bills has been signed and passed for payment by authorized officer only and that no bill or pay order enfacement has been signed by a subordinate for an Officer;
- (vi) That the bills have been signed in ink; they are dated by the payee in addition to being signed and supported by signatures of witnesses where necessary;
- (vii) That copies of documents, etc., supporting a bill are original. In cases in which duplicate copies are permitted to be sent it will be seen that they have been certified by an authorized person;
- (viii) That revenue stamps have been affixed to all bills for sums in excess of Rs. 5,000/-, if necessary and that they have been defaced by the payee by putting thereon his signatures or the date of his signatures;
- (ix) That the expenditure not covered by a contract or agreement has been incurred under the orders or sanction of the competent authorities;
- (x) That the expenditure does not involve a breach of any of the standards of financial propriety;
- (xi) That the bill has been drawn in favour of the proper person. The assignment or endorsement by a contractor of the payment of his bill in favour of another individual is not permissible;

- (xii) That the terms of the contract of other agreement have been adhered to; and that the contractor has given a clear No Demand certificate on page 2 of the bill (IAFW-2262) over his dated signatures;
- (xiii) That the rates charged in the bill are those given in the contract or the Schedule of prices in cases in which the contracts are based on the schedule;
- (xiv) That "Star" prices have been sanctioned by competent authorities and that there are not wide unexplained divergences between the rates sanctioned for similar items of work at different times and for different stations.
- (xv) That as far as possible the nomenclature of the items of work billed for agrees with that given in the contract or in the schedule of prices on which the contract is based;
- (xvi) That the bills in which charges for demolition appear, have been supported by a demolition certificate (IAFW-2201). The demolition certificate will be scrutinized to see how the materials obtained from the demolition have been disposed of. Excepting when they are utilized on the same work, the disposal of the materials in other cases (e.g. taken on charge, utilized on other works, sold etc.) has been verified by the AO.

**NOTE:** In the case of outstation SDOs where this pre-verification of credits of stores in numerical ledgers is not possible, it will be seen that the AAO has recorded a certificate that the verification will be carried out at the time of local audit.

- (xvii) That in the case of bills relating to the re-appropriation of buildings the re-appropriation unless include in an administrative approval has been sanctioned by the competent authority.
- (xviii) That the cost of work of the nature of barrack damages has been shown as chargeable to the party concerned and that entry of the barrack damage vouchers in the Barrack damage Register has been verified by the AO.
- (xix) That all liquidated damages to which a contractor may have become liable under the terms of his contract have been recovered except when a recovery has been waived under the orders of the competent authority.
- (xx) That there has been no delay in the preparation and submission of the bill after the completion of work or service.
- (xxi) That cases of remissions of damages for breaches of contract which result in extra expenditure. Vide Para 494 MES Regulation (1968 Edition), have been received from the competent authority for prior concurrence.
- (xxii) That a consolidated statement of stores is attached to the Final Bills in cases where stores were issuable to the contractor under Schedule 'B' of the contract agreement. These statements will be further examined to see that:

- (a) The issue of all the stores was authorized by schedule 'B' of the contract agreement and the rates charges also agree with those shown in the schedule.
- (b) In the case of Govt. stores which were not included in the original contract the issue rates fixed for such stores and the highest of the following rates :
  - (i) Stock Book rate as on the date of the issue of the stores.
  - (ii) Market rate as on the date of acceptance of tender.
  - (iii) Rate deducted from the tendered rates in cases of contracts based on Bills of quantities and item ate contacts.
  - (iv) Rate in the MES schedule adjusted by the contractor's percentage in case of contracts based on MES schedule of prices.
- (c) It has been checked by the technical staff, and that the stores issued in excess of the quantity approved by the technical staff as quantity incorporated in the work have been returned by the contractor unless these over issues have been condoned by the MES authorities within the limits given below :
  - (i) **By a GE or AGE** – Over issues upto 5 percent of the estimated requirements for a whole contract (for the particular item of stores).
  - (ii) **By a CWE** – above 5 percent and upto and including 10 percent.

**NOTE 1:** If the value of the over issue on a particular item exceeds Rs. 2,000 (When priced at contract rates) this over issue will be treated as if it exceeds 10 percent whatever the actual percentage. This limit applies to contracts accepted value of which does not exceed to Rs. 5 Lakh for contract value exceeds 5 Lakh the limit shall be Rs. 3,000 and contract of value exceeds Rs. 8 Lakh, the limit will be Rs. 5,000. If the value of over issues on a particular item (when priced at contract rate) exceeds the above limit the issue shall be treated as if it exceeds 10 percent whatever the percentage.

For the over issue of stores beyond the limit stipulated above, recovery will be effected at double the prevailing market rate as decided by GE with regard to market rate, he shall be entitled to represent the matter to CWE within 7 days of receipt of GE's decision and decision of CWE thereon shall be final and binding.

**NOTE 2:** A contractor who fails to return the surplus stores but retains them for his own use or disposes them of to his personal gain, becomes liable to be prosecuted for embezzlement. Further the Chief Engineer may either suspend the contractor from further tendering or remove him from the approved list. It will be seen in audit that action on these lines has been taken by the MES authorities.

**NOTE 3:** With respect to items of schedule 'B' stores which were 'issued free for fixing only' if any such stores were lost or damaged while in the custody of the contractor, the cost thereof should be recovered at a penal rate as decided by the Accepting Officer in the case of GEs/CWE's contracts and as decided by the CWE in the case of Chief Engineer's contract. The penal rate at which such recoveries are affected should be about 25 percent, over and above the rates of stores when priced at stock book rate/market rate, which ever is higher.

- (d) Where GE is satisfied that the work has been carried out according to specification, under issue of stores to contractors have been condoned by MES authorities within the limits given below :

**By a GE** – Up to 2½ percent under a personal certificate.

**By a CWE** – Up to 5 percent under a personal certificate.

**By a CE** – Exceeding 5%. Each case will be decided on its merit i.e. whether the work accepted by MES be devalued and suitable action taken against the contractor concerned or the work accepted without adjustment in price.

- (e) Where devaluation of work is considered necessary it shall be seen that:
- (i) It has been permitted by
    - (a) The CWE, in contracts concluded by himself and contracts concluded by GE/Independent AGEs employed under him.
    - (b) The Chief Engineer, in contracts concluded by him.
  - (ii) Prior approval in principle to devaluation has been obtained from the authority competent to accord technical sanction to the whole project.
  - (iii) Devaluation has been effected through a priced devaluation statement technically checked by the SW (or by the ASW in absence of the SW) of the CWE's Office.
  - (iv) The devaluation statement duly checked as at (iii) above has been accepted and signed by the Contractor.
  - (v) The devaluation statement has been signed by the accepting officer of the contract.
  - (vi) The devaluation statement forms part of the final bill.

**NOTE 1:** Where the contractor refuses to sign the devaluation statement, the bill will be progressed like any other disputed bill.

**NOTE 2:** These instructions do not apply to recoveries which are proposed to be effected on account of devaluation of work consequent on observations made after expiry of the maintenance period.

It will be seen :

- (1) That a Consolidated statement of tools and plants is attached to the Final Bills in cases where they are issued to the Contractors under Schedule 'C' of the Contract Agreement.
- (2) That the issue of all the tools and plants is authorized by Schedule 'C' of the Contract Agreement.
- (3) That the recovery of hire charges is effected at the rates and under the conditions prescribed in the relevant clause of the Contract Agreement. The period for which the recovery is effected should in particular be checked to ensure that they have been calculated correctly according to the terms of the contracts.
- (4) That in case any item other than those mentioned in Schedule 'C' is issued an amendment to the contract exists, covering the issue and specifying the hire charges at the appropriate rate.

62-A Check list on the audit of final bills of MES contract is appended at Annexure to this Manual.

63. In addition to the general checks mentioned above, the following special instructions will be followed in auditing the bills mentioned below:

- (i) Final Bills signed by Contractors under Protest or which contain specific reservation. The protest and / or reservation of contractor can be occasioned by either of the following contingencies:-
  - (a) When the contractor prefers a final bill and signs the certificate on page 2 of IAFW – 2262 with a demand certificate and / or a protest.
  - (b) At the time of receiving payment as per cage IX of the final bill (IAFW – 2262) the contractor finds that the bill has been passed for an amount different from that for which preferred.

In the case of (a) the MES Officers have instructions that such bills should not normally be presented for audit and every effort should be made by them to lift or resolve the reservation. But where the contractor is not co-operative (or may be, he prefers to let the case lie over to gain his own ends) the final bill would be presented to audit with a view :

- (1) To making an on account payment, if demanded by the contractor, under Para 480 MES Regulations (1968 Edition).
- (2) To have an audited bill as a necessary preliminary before either taking the dispute or contesting it at the arbitration.

In regard to (b) any alterations in the net amount of the bill, as claimed by the contractors is required to be attested by the contractor before payment is made to him. In case of contractor's refusal to sign the certificate in cage IX of the final bill, an on account payment, if demanded by the contractor as per terms of the contract, may be made.

The balance of the amount due to the contractor in both the above cases will be credited to the Head "T – Deposits and advances – Sub – Head Miscellaneous Deposits"

When a contractor refuses or neglects to submit his final bill for a contract, or to sign the bill prepared by the MES as a result of such refusal or neglect, a note will be entered to that effect on the bill and the sum due to the contractor debited to the work concerned and credited to Head "T-Deposit and Advances – Sub – head Miscellaneous Deposits".

If, however, the final audited bill of the contractor shows that he has already been overpaid, the amount of over payment will be adjusted by debit to Sub-Head MES Advances and the MES authorities will be asked to initiate action immediately to recover the overpayment.

- (ii) **Arbitration Awards:** The E-in-C has issued instructions to the MES Officers in Manual on Contracts 2007 regarding the procedure to be adopted in dealing with arbitration cases, it will be ensured that these instructions and other orders issued from time to time are complied with. These instructions require that PCDA/CDAs active Co-operation shall be maintained at all stages viz, in drawing up the Defence statement, in advising the MES representatives defending the case, particularly on Accounting Aspects and finally in examining the award and deciding whether it is acceptable to Government or not, including the course of further action necessary. The CDA's representative may also be present at the hearings so that he may act as a prompter in cases where such promptings are necessary in his opinion. The role of the DAD Officers both while drawing Government statement of cases and regarding implementation of awards is purely advisory.

An Arbitration award is not executable until a decree is passed by a court in terms of the award. The court will not take cognizance of an award unless application requesting the court to cause the Arbitrator to file the award in court is received within thirty days of the notice of the award i.e. within thirty days from the date the notice of publication of the award has been received. Immediate action should be taken for this purpose in respect of awards where money is to be recovered from contractors and where they are substantially in favour of the Government.

An award should exclude ex-gratia payments. If such payments are awarded by an arbitrator they should be contested in the Court of Law as they are outside the scope of the contract. However, the sanction of the Government of India under Para 477 MES Regulations (1968 Edition), in respect of an award on ex-gratia claim is not required. It ceases to be ex-gratia claim and the Government is bound to pay it unless it is set aside in the appropriate court.

In cases where the award in favour of a contractor is acceptable to Government and it is not proposed to contest or challenge its correctness (in this the Engineer Officer is advised to consult the PCDA/ CDA) Payments may be made forthwith without waiting for the contractor to file the award and obtain a decree thereon in terms of the award. In such cases, care should,

however, be taken to obtain a proper receipt and payments made by means of cheques.

In case the award in favour of the contractor is not definitely acceptable to Government, i.e. in cases where it is felt that the contractor has succeeded in getting a thoroughly bogus and groundless claim awarded in his favour (or where the awarded amount in the contractor's favour is unreasonably high) and at the same time no good or strong grounds exist for getting the award set aside, the better course is to wait until the award is filed in the court on application of the other side, when any objections, for whatever they are worth may be filed (within 30 days from the date of service of notice filing of the award) with a view to getting the award modified, corrected, remitted or set aside, as the case may be. In cases, where Government are advised that very strong grounds exist from getting the awards set aside, action may be taken on behalf of the Government (without waiting for the contractor to file the award in court) to get the award filed in court with a view to applying to the court to set aside the award on the grounds mentioned in Section 30 of the Indian Arbitration Act.

The decision to implement or contest the award of the arbitrator is to be taken by the Engineer Office (CWE in the case of contracts concluded by CWE / GE / AGE (indep.) and CE in respect of contracts concluded by him) where the Engineer Officer considers that legal opinion should be obtained, he will obtain it from the Government Pleader / Distt. Govt. Counsel (DGC) (or Central Govt. solicitor as at Calcutta and Bombay). In cases where CWE / CE is not satisfied with the legal opinion tendered by the DGC, the matters should be referred, where possible, to the Remembrance of Legal Affairs (RLA) of the State or where it differs from opinion obtained previously in some other case or where an important point of general application is involved, the matter may be referred for a final decision of the E-in-C who will, where necessary, obtain further advice from the Ministries of Defence, Finance and Law. Since the period for filing the award is restricted, action may in the meantime, have to be initiated to get the award filed in proper court.

**NOTE:** Sanction of the GOC-in-C, will be necessary for engaging a counsel to conduct the Government case before an Arbitrator. The Area/ Corps/ Div./ Independent Bde. Groups/Independent Sub-Area Commander may sanction under Para 537 Regulations for the Army read with Army Instruction 158 and 340 of 1950 and 415 of 1952, the engagement of a counsel in the following cases:

- (a) Court action for securing implementation of an Award.
- (b) Court action to challenge and Award.
- (c) Court action when the matter is referred by Arbitrator for opinion of the Court.

Payment made in satisfaction of an arbitration award is to be financed from the normal 'voted' head of account except where an award is filed in a

court and a decree is obtained. Expenditure required to satisfy the decree of a court is, to be treated as 'Charged' on the Consolidated Fund of India.

Payment arising out of arbitrator's awards should normally be taken as correct payments due under the contract and the question of any regularization should not arise except where the excess payment ordered under the award arises out of irregular or faulty conclusion or operation of a contract. Such payments are in fructuous and will be brought within the purview of Para 607 MES Regulations (1968 Edition), and regularization of the expenditure involved will be looked for in audit.

A register to watch the progress and finalisation of the Arbitration cases will be maintained centrally in 'E' Section. The fly leaf instructions and the Proforma of the register are given in Appendix III to this chapter.

- (iii) **Bills for hired transport:** Against ASC Contracts will be duly verified and forwarded to the PCDA/ CDA by the GE. They will be received in the Store Section, entered in the Register of payments to contractors, and audited with reference to the terms of the contract. They will then be endorsed with the necessary pay orders and returned by the Stores Section to the GE for payment out of his cash Assignment.
- (iv) **Bills for supply of stores and other materials:** Bill in the case of direct supplies are supported by original supply orders and indents which will be cancelled at the time of audit under the dated initials of the auditor. In the case of supplies against contracts, these will be checked with reference to the terms of the contracts. In all other cases, it will be seen that the purchase is within the powers of local purchases of stores and other materials of the Officer placing the supply order.
- (v) **Bills for supply of spare parts and machinery of Engineer supply for use by I.E. Units /Schools of Military Engineering / Engineering Centers :** In these cases, local purchase bills duly supported by Supply orders in original are forwarded direct to the PCDA/CDA by the commandant of the concerned formation, As no AO/AAO is normally attached to these formations, the bills are required to be checked in full with reference to the following more important points :-
  - (a) It should be seen in audit that purchase has been sanctioned by the competent authority mentioned in Table 'B' of the MES Regulations (as amended);
  - (b) That the purchase relates to urgent requirements of spare parts of machinery and that it has not been available in the ESE etc.
  - (c) That funds to meet the expenditure exist. The bills will be paid by the office of the PCDA/ CDA and dealt with as explained in Para 49.

After payment of the bills, copies of receipt vouchers attached to the bills will be scheduled to the LAO who audits the store accounts relating to the formation and his acknowledgement obtained and recorded.

- (vi) **Acquisition / Requisition of immovable properties for Defence Services:**  
The detailed instructions in this regard are contained in chapter XI of UA Manual. Consequent upon the introduction of new accounting and payment system wet 01.01.1983, the entire system of drawl of funds by the land Acquisition officers and its final adjustment in the Defence Accounts has been revised.
- (i) Prior to 1.1.1983 all payments on a/c of acquisition /requisition of the properties were drawing moneys from the treasuries and debits for the same were being raised against the PCDA/ CDA by the civil Accountant General concerned. Before accepting debits on this account PCDA/ CDA were to ensure that :-
- (a) That acquisition / requisition of land has been sanctioned by the Govt. of India/Competent Adm. Authority and the period as well as amount of the claim is covered by the sanction.
  - (b) The Compensation had been assessed by the collector.
  - (c) The funds were available to cover the expenditure involved.
  - (d) The debits had been verified by the Def. Authority as correct.
  - (e) The land owner's receipt in support of the payment was attached. If not the details un-disbursed amount were to be noted in a register of un-disbursed balance and the same were to be intimated to the Civil AG concerned. His acknowledgement for such reference was to be obtained and kept on record.
  - (f) After acceptance of debit, necessary payment were to be made to the Civil accountant General through cheque / bank draft and all connective documents received in support of the debit were being transmitted to the AO/AAO concerned. The refund of the disbursed balances left with the Superintendent / Collectors / Land Acquisition officers were being watched in consultation with the DEOs/ Director DL&C.
  - (g) Amount remaining unpaid from advance received earlier from civil treasuries should be refunded to treasuries as per the earlier procedure and credit afforded to PCDA/ CDA to whom advances were debited by the treasuries.
- (ii) With effect from 01.01.1983 all payments on account of acquisition / requisition of immovable properties will be made by the collectors / Land Acquisition offices only after obtaining necessary funds from the DEO. In case of the property requisition / acquired for Defence services before 01.01.1983 the outstanding payment due in such case is to be made in accordance with the procedure. For this purpose DEO will seek necessary cash assignment from the PCDA/ CDA in term of Para 535 of MES Regulations. The proposal for placement of cash assignment will be scrutinized in accordance with the general instructions contained in Para 55 & 56 ibid and it will ensured that :

- (a) Sanction of the director DL&C Command exists for placing the cash assignment.
- (b) Funds are available to cover the amount.
- (c) The demands for cash assignment is specifically categorised separately of acquisition / requisition of properties and hiring of buildings with a view to ensure its accounting in the appropriate cash book.

A separate register of cash assignment pertaining to acquisition /requisition of properties shall be maintained to watch actual expenditure on this account on receipt of monthly cash book from the DEO through AO.

**NOTE:** Disbursed amount by Civil Authorities / Commandants should be refunded to the DEOs within a period of one year. The DEOs should take appropriate measures to this effect.

(vii) **Hiring of Buildings:-**

- (a) A register of sanctions for hiring of house will be maintained. As soon as AEM sanction for the hiring of houses are received, the same shall be audited and entered in the above register showing No., and Date of the sanction, sanctioning authority, full description of the hired houses with the name of the owner, period of hiring, monthly rent payable and so on. The lease agreements when received from the AO/AAO duly scrutinized shall also be noted in the register against the relevant sanction and house.
- (b) The cases of hiring shall be scrutinized carefully to ensure that :-
  1. The authority according the administrative sanction is competent to do so.
  2. The administrative sanction contains full particulars in regard to the period of hiring, full description of the hired building with name of the owner, monthly rent payable etc.
  3. The plinth area of the building is in accordance with the prescribed scales as authorized in Govt. orders / quartering regulations barracks systems. Sanction of the next higher formation commander for excess plinth area up to the tolerance limit 25% and prior approval of Govt. of India in all other cases of hiring of excess plinth area shall be looked into.
  4. The lease agreement has been submitted by the DEO through AO/AAO in duplicate duly signed by the owner of the house and the DEO.
  5. All additions and alterations in the lease agreement have attested by both the parties to the agreement.
  6. The lease agreement has been on the prescribed form.

7. Board proceedings of the Station Board officers with complete details of fixture and fittings and site plan of the hired house are attached to the lease agreement.
  8. The details enter in the lease agreement are in consonance with the particulars given in the board proceedings and Admin sanction.
  9. The rent fixed by the Station Board is within the prescribed ceiling and all cases of hiring at the rent in excess of ceiling limit per month are supported with Govt. sanction.
  10. The sanction register will be reviewed regularly to watch that hired house is de-hired immediately after the expiry of the lease period under orders of the competent authority.
- (c) After scrutiny, original copy of lease agreement shall be kept in main office & its duplicate duly attested under the signature of the AO 'E' Section shall be transmitted to AO/AAO MES for regulating payment of rent accordingly.

(viii) **Bills for demolition of buildings:** - It will be seen that:-

- (a) The proposals for demolition have been approved by the competent authority on demolition statement (IAFW – 1819).
- (b) A demolition certificate (IAFW – 2201) showing the disposal of the materials received from dismantlement has been attached to the bill.
- (c) The sale proceeds from the sale of the demolition have been dealt with as laid down in Para 828 MES Regulation (1968 Edition).

**NOTE:** In an estimate for reconstruction, administrative approval to the execution of the service is authority for any demolition involved irrespective of the value of the building to be demolished.

(ix) **Bills for Periodical Services :** - In the case of bills based on Periodical Services Measurement Books it will be seen that a certificate has been endorsed by the AO/AAO to the effect that the PSM Books have been checked arithmetically by the Local Audit Staff or that the relevant pages of the books concerned have been checked by him that the record of periodical services has been kept by the SDO and that the admissibility of the services with reference to orders on the subject verified.

(x) **Telephone Rent Bills :** It will be seen that Sanction of the GOC-in-C the Command to the installation of the telephone and the rate of telephone hire exists.

The correctness of the rates charged in the bill will be verified and the claim will be linked with the previous bills paid.

**NOTE:** The bills at above will be dealt in the Miscellaneous Section of the PCDA/ CDA's Office.

(xi) **Audit of Cash Books and Paid Bills :**

- (a) The cash book duly balanced and closed on 25<sup>th</sup> of each month / 31<sup>st</sup> March shall be submitted by the DEO to the AO/AAO (MES) who will transmit it to the main office duly checked as Paras 151 to 154 and 249 to 352 to UA Manual. The cash book shall be audited with reference to the points mentioned in Para 84 ibid and thereafter return to the DEO through AO duly checked.
- (b) Paid bills received with the cash book shall be post audited with reference to the general points mentioned in Para 50, 51 and 62 ibid. The following special points shall be kept in view at the time of post audit:-

(A) **BILLS PERTAINING TO ACQUISITION / REQUISITION OF PROPERTIES:**

- (a) All payment are supported by the sanction of the appropriate authority, award statement details of unspent balances with the collector / Land acquisition Officers, correctness and verification certificates of DEO as well as reference to ledge and its page details of properties have been noted by him.
- (b) The amount has been compiled to the appropriate head of account as mentioned in the sanction.
- (c) The AO has ensured a proper certificate on the bill to show that details of each case have been noted by him in the register of sanction, register of unpaid balances etc.
- (d) Payments in satisfaction of court decrees have been made correctly on receipt of allotment of funds under charge head.
- (e) The monthly report as per Para 352 of UAs Manual has been submitted by the AO.

(B) **BILLS PERTAINING TO HIRED BUILDINGS :**

- (i) Proper sanction and lease agreement exists against the buildings for which rent has been paid.
- (ii) The rate will be checked with the sanction and it will be seen that the period for which claim has been paid is covered by the sanction.
- (iii) The fact regarding payments of rent will be entered in the register of sanction against the building concerned and each payment will be linked with the last charge.
- (iv) Payee's stamped receipt has been received with the bill.
- (v) The AO/AAO has endorsed a certificate to the effect that bill has been checked with reference to the particulars in the register of sanction.

(C) The bill after audit will be worked and signed as "Post audited" and objections thereon shall be communicated to the DEO and AO/AO. The detailed instructions on this accounts mentioned in Para 113 to 124 ibid will be followed.

(xii) **Bills for Rates and Taxes :** Bills for rates and taxes will be paid by the AO MES without the pre-audit by the office of PCDA/ CDA in accordance with Para 118 UA Manual.. If under any local rule or custom a payment has been made which should be recovered from the tenant (i.e. services taxes) it will be particularly seen that a certificate has been recorded by the AAO BSO on the bills to the effect that necessary action towards recovery has been taken by him.

**NOTE:** When the local custom is to exempt Government buildings from the levy of a tax for the period during which they are vacant it will be seen that the required notification is sent regularly to the Cantonment of Municipal authorities to avoid assessment being levied in default.

(xiii) **Bills for supply of bicycle for MES Offices:-**

- (a) See that approval of the CFA (Para 118 MES Regulations 1968 Edition to the purchase has been obtained.
- (b) See that the limits prescribed in the above Para are not exceeded without the sanction of the Chief Engineer.

(xiv) **Bills for the purchase of Stationary and Printing:** In auditing these bills it should be seen that:

- (a) The approval of the CFA as required under A.I. 16/65 (as amended) has been obtained.
- (b) The bill is supported by original supply order, which should be cancelled at the time of audit.

(xv) Bills for refund of cash security deposit to Establishment see that the bill has been pre-audited by the Pay Audit Section.

(xvi) **Bills against Term Contract:** It will be seen that :-

- (a) No service above the normal limit of (Rs. 60,000) has been entrusted to the contractor without the sanction of the Chief Engineer and the concurrence of the contractor. If a limit lower than Rs. 60,000/- is fixed by the CWE and specified in the contract, it will be seen that is not exceeded.
- (b) A single service or items the estimated cost of which exceeds the term contract limit has not been divided into parts so as to bring it within the term contract limits.
- (c) The Requisition (IAFW- 1833 and IAFW – 2158), supporting the bill are in original.

- (d) If painting, lime or colour washing and distempering has been ordered under the scope of the Term Contract (except in connection with or arising out of the other works ordered on the contractor) it will be seen that the gross total value of all such works ordered does not exceed Rs. 2500/-

(xvii) **Payments on Running Accounts:** It will be seen that :

- (a) In the case of Term Contracts, advance payment is made at an interval of not less than one month provided the estimated value of the work performed is not less than Rs. 3000/- for new works and Rs. 10,000/- for repair services and the value of payment on account is not less than Rs. 1500/- And Rs. 5000/- respectively.
- (b) In the case of Measurement and Lump sum contracts, the Running Account Receipt (IAFW – 2263) is presented at an interval of lot less than 30 days and that credit has been given to the contractor for under noted percentage of the value of work executed and for 85% of the value of imperishable materials lying at site.

**For work not exceeding Rs. 5 Lakh:** - 90% of the value of work executed.

**For works exceeding Rs. 5 Lakh and not exceeding Rs. 10 Lakh:** 90% of the value of work executed up to 5 Lakh. 92½% of the value of work executed for the balance.

**For works exceeding Rs. 10 Lakh:** - 90% of the value of work executed for the first 5 Lakh. 92½% for the next 5 Lakh and 95% of the value of work executed for the balance.

Provided further that the contractor may be paid advance on account to the full value of work executed on the side on his furnishing a Guarantee Bond from a Scheduled Bank for the amount of the retention money which would otherwise be recoverable from him under the contract. The Guarantee Bond will be held by the Accepting Officer who will ensure that its validity period has not expired.

**NOTE:** The original Bank Guarantee Bond along with necessary copies thereof should be sent to the PCDA/ CDA by the Accepting Officer for verification of its correctness. The original Bank Guarantee Bond, after verification should be returned to the Accepting Officer and the certified true copies should be returned to the CWE/GE/AAO. One copy will, however, be retained in the section. The fly leaf instructions for the maintenance of Register of Bank Guarantee Bonds are contained in Appendix V to Chapter IV.

- (c) The following certificates (and documents) from the GE accompany the RAR in respect of Lump Sum Contracts (IAFW–2159) Term Contracts (IAFW – 1821) and Measurement Contract (IAFW–1779) :-
- (1) That no work which is not covered whether by a contract rate or special rate duly approved is included in this Bill;

- (2) That no materials and / or tools and plant have been issued without rates for issue being settled and that all debits on contractor for transaction up to the date this bill have been recovered in this bill.
  - (3) A statement showing the debits against the contractor for issue of Stores. Tools and Plant, water and Transport will be prepared by the GE with reference to Contractor's Ledger and attached to the Bill. This statement will include all transaction up to the date of the preparation of the RAR.
  - (4) In the case of RAR relating to payment of advances for materials collected at site, it will be seen that the following certificates are furnished by the Engineer-in-Chief in accordance with the conditions of the contract;
    - (a) The materials are of an imperishable nature and are in accordance with the contract.
    - (b) They have been reasonably brought on to site in connection with the contract.
    - (c) They are adequately stored and / or protected against damage by weather or other causes, and
    - (d) They have not at the time of the advance been incorporated in the works.
  - (d) In the case of contract or supply of stores and materials it should be seen that the contractor is not paid more than 90% of any supplies delivered and approved to date and that the sum so due is not less than Rs. 1500/-
- (xviii) **Bill for the cost of Maintenance of POW Cemeteries:** 'E' section of CDA (Army) Meerut will pay to the UK High Commissioner in India, annually in advance on 1<sup>st</sup> of April each year the cost of maintenance of Prisoner of War Graves at Rs. 5 per Grave. A certificate will be obtained from UK High Commissioner in India, in support of the claim, that the graves for which the maintenance charges have been claimed are in existence and that the graves for which the advance was obtained in the previous year had been actually maintained.
- (xix) **Bills for purchase of MES Vehicles:** - It will be seen that the purchase from the trade has been made through the Director General of Industries and Supplies and that the certificate from the Director of Weapons and Equipment to the effect that he cannot supply the vehicles is attached.
- (xx) **Bills for Terminal Compensation:** - Terminal compensation claims are to be subjected to a thorough and exhaustive pre-scrutiny before payment. The pre-scrutiny will be done either on the spot by an IDAS an officer or a Sr. AO or by the PCDA/ CDA Main Office as decided by the PCDA/ CDA concerned. Claims requiring the sanction of the Government of India will be forwarded through the PCDA/ CDA.

The scrutiny should be thorough and exhaustive because recovery of an overpayment from a third party will be almost impossible. It should, therefore, be ensured that:-

- (a) In cases where initial records of properties at the time these were taken over by the Defence Department are not available, the relevant information is obtained from the municipal records, land acquisition collection assessment records, etc. there may, however be cases where the desired information is not available from any of these sources. In such cases reliance may have to be placed on the enquiry of DEO/MES Officers on the testimony of respectable persons of the locality of members of Panchayat etc.
- (b) The compensation payable against each item has been assessed having regard to its condition at the time of taking over and when restored to the owner. There may be some cases where schedules of dilapidations prepared at the time of release were (in the absence of schedule of conditions prepared at the time of requisition) based generally on what evidence the releasing officer could see at the spot or what he could gather from other sources. In such cases, the settlement will be effected on the basis of the schedule prepared by the releasing Officer.
- (c) The actual rates adopted for assessment of items compare favourably with those shown in the "Schedule of prices plus the percentage generally quoted in respect of MES Works. In cases such rates are not applicable, it should be seen that the assessment compares favourably with the market rates.
- (d) In assessing compensation no account has been taken of fair wear and tear and reasons are recorded to show why a particular deterioration should not be viewed as due to fair wear and tear for which no compensation is payable to the owner under the terms of the contract. In cases in which there is no clause to this effect in the contract agreement, the benefit of the doubt may have to be the claimant.
- (e) An allowance has been made for the depreciation of the damaged or missing articles in the case of expensive fittings and fixtures and that full replacement costs have not been allowed.
- (f) No element of loss or profit from properties has been made since payment of rentals according to agreement covers this loss.
- (g) When any premises are de-requisitioned, compensation for moving back to these premises may be paid to the owner of the long term lessee (or sub-lessee) where lease has survived the period of requisitioning in accordance with the following principles :-
  - (1) He may be reimbursed the reasonable expenses incurred by him in moving back his residence or place of business to the original premises, provided that the move back is effected within four months of the termination of requisition.

- (2) In determining whether the payment demanded is reasonable, the amount which was originally paid for the removal of the residence or the business consequent upon the requisition of the premises may be taken into consideration with due regard to any increase that may have since taken place in the wages of labour or in the hire of vehicle employed for the purpose of the move back.
- (3) The expenses to be reimbursed may include (a) the cost of storage, if the property which had to be removed from the requisitioned premises was stored and (b) the cost of re-erection of the plant or the machinery provided the re-erection is on original site.

In considering a claim, it must be appreciated that the reimbursement of expenses is a part of the compensation for the requisition and can only be allowed in respect of expenses which are incurred as a direct and natural consequence of requisitioning. Such a claim can only be entertained, therefore, where the person to whom the possession is granted on de-requisitioning is also the person who was originally compelled to move out of the premises consequent upon the requisitioning.

Besides the above points, the Controllers are at liberty to scrutinize the claims in more detail to safeguard the interest of the State. It may, however, be remembered that terminal compensation claims are the contractual liability of the State and should not be linked with recovery or the write off of Barrack Damages from the occupants, which should be separately considered in consultation with MES Authorities.

All terminal compensation claims will be pre-checked before sanction on the above lines, whether they fall within the competence of lower authorities or that of the Government of India.

Terminal compensation claims in respect of lands at the de-requisitioning stage are assessed by the Collectors and no responsibility devolves on the Controllers.

64. **Assignment / Imprest Account and payments made therefrom :-**

The following points will be seen in the audit of Assignment / Imprest Accounts (Including Imprest of SDOs recouped by GEs) :

- (1) See that the opening balance or that total brought forward from the previous months cash book is correct.
- (2) Check the total of both the receipt and charge sides of the Cash Book (extract of the Cash Book in case of SDO's Imprest).
- (3) See that the balance in hand has been certified by the Officer holding the Assignment / Imprest to be correct and to be actually in hand.
- (4) See that the amounts charged off in the Cash Book (extract of cash book in the case of SDO's Imprest) are as shown on the vouchers excepting vouchers retained by the AAO (vide Para 50 Ante) for which the latter's

certificate that all the vouchers has been recorded by him and that no vouchers were left with the Cashier, will be looked for.

- (5) See that no payment has been made from the Assignment / Imprest, which under rules is required to be pre audited.
- (6) See that the Imprest has been kept within the sanctioned limit.
- (7) See that the rules regarding permission to accept cash receipt vide Para 715 MES Regulations (1968 Edition) have been complied with.
- (8) See that the closing balances are not unduly large.
- (9) Balance of Imprest at the end of the financial year has been deposited in the treasury.

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## APPENDIX - I

### Fly leaf instructions for the maintenance of disbursement Voucher Numbering Register to be maintained in the case of bills passed for payment by the Main Office.

- (i) This register is intended for the purpose of allotting consecutive disbursement voucher number, tracing the daily payment sheet or punching medium relating to a voucher or the voucher itself; and watching the receipt back of the paid vouchers and D.P. Sheets from the Disbursement Section. It will be maintained in the Proforma appended below :-

Date	Sr. No. of Voucher	Name of Unit / formation	Amount	Group No.	Initials of the Clerk / Supdt. / AAO	Remarks

- (ii) All bills passed for payment by the officer, I/C, 'E' Section will be allotted consecutive disbursement voucher numbers for each month and entered in the daily payment sheets. The particulars entered in the daily payment sheets will be noted simultaneously in the disbursement voucher numbering register before the daily payment sheets are passed on to 'D' Section for issuing Cheques and return.
- (iii) Separate series of disbursement vouchers will be maintained for each CWE on monthly basis and for this purpose, a separate register will be maintained in which separate pages are to be allotted to each CWE. The transmission of DP Sheets to the AAO concerned after receipt back from the 'D' Section will also be marked in this register to ensure that all the DP Sheets are dispatched to AAOs in time.
- (iv) The receipt back of the daily payment sheets and the paid vouchers from the "Disbursement" Section will be watched through this register and a certificate endorsed therein under the signature of the officer-in-charge that the above documents have been received.
- (v) The register will be page numbered serially and it should be ensured during the periodical submission of the register to the officer-in-charge that no page is missing. Its loss should be brought to the notice of the GO immediately after detection.
- (vi) This register will be submitted to the Officer-in-Charge fortnightly and to the GO once in the months.

## APPENDIX - II

### Fly leaf instructions for the register of sanctions hired buildings etc.

**OBJECT:**

To record rent of hired building another recurring charges paid and details regarding their sanctions etc. to facilitate easy reference and use for post audit of bills for rent of hired buildings and other recurring charges by the Main Office.

- (i) The register will be maintained in the proforma indicated Para 61 (a) OM Part VIII. A follow will be allotted for each building and a recurring charge.
- (ii) AS and when sanctions are received for hired buildings and other recurring charges they will be entered in the Register in columns 2 to 5. Similarly if lease agreements are received by the contract group they will be shown to the bill group, who will maintain this register for completion of column 8. In the case of hired buildings column 2 will be utilized to record the financial sanction. The Admin. Sanction will be recorded at the top of the folio indicating the period of sanction and amount. It will be ensured that the financial sanction is within the limits of Administrative sanction.
- (iii) As and when bills are paid it would be ensured by reference to this register that the sanction for the period in question and the lease agreement is valid. Suitable entries will also be made in column 6 and 7 at the time of post audit.
- (iv) This register will be submitted to the Officer-in-Charge sanction by the 10<sup>th</sup> of each month and to the GO once a quarter.

### APPENDIX - III

#### Fly leaf instructions for the Register or arbitration cases.

**OBJECT :**

To keep a record of all disputed cases which are referred for Arbitration and to watch their finalisation. A register will be maintained centrally in 'E' Section in the Proforma appended below. As soon as intimation is received regarding the appointment of an Arbitrator, suitable entries will be made in this register. The progress of the case will be watched through this register. No documents relating to an arbitration case will be certified for destruction, unless it is ensured that the case is finalized and certified by the executive that they are no longer required. The register will be submitted to the office-in-charge on the 10<sup>th</sup> of each month and quarterly to the GO.

Para 63 (ii) OM Part VIII

#### REGISTER OF ARBITRATION CASES

Sl. No.	No. & date of letter appointing an arbitrator	Name of the Garrison /Div.	Name of Contractor
1	2	3	4

CA No. & Year & final Bill DV No. & month	Party who has gone to Arbitrator	File No. opened for the case	Nature of dispute and amount
5	6	7	8

No. & Date of statement of plaint	No. & date of statement of Defence	No. & Date of CDA's approval to the Govt. case plain/Def.	Details of final awards
9	10	11	12

Whether settled in favour of contractor/Govt.	Amount	Remarks
13	14	15

**ANNEXURE 'A'**

**(REFERRED TO IN PARA 24-A)**

**CHECK LIST**

**SCRUTINY OF CONTRACTS (MAIN OFFICE):**

1. (a) Information regarding earnest money and security as required in CST has been given.
- (b) No. and date of the communication under which SS Bond duly pledged in favour of CDA has been / will be forwarded to this office has been given.
- (c) Reference to the communication under which documents regarding security / additional security where required has been sent to Main Office has been given.
2. (a) The reasons for in-adequate responses from contractor has been furnished. Action taken proposed to be taken to stimulate better competition has been indicated.
- (b) Blank tenders have been received back.
- (c) The Contractors have been allowed a period of five to six weeks to submit their tenders.
- (d) That tenders for works costing between Rs 5 Lakh and Rs 20 Lakh have been advertised in the local newspapers by direct press advertisements and for works above Rs 20 Lakh through DAVP; in terms of Para 417 MES Regulations.
- (e) Tenders were opened on the same day or a day after unless delay is warranted by specific circumstances (to be narrated). Amendment issued to the notice of tender has been incorporated in the contract by means of an amendment. If however the case is one of re-tendering the CST relating to the first set of tenders has been forwarded.
- (f) Administrative Approval and Technical sanction quoted on the CST have been received.
- (g) In case of single tender contract a single tender report in terms of Para 392 MES "R" has been rendered to the next higher authority and a copy endorsed to MO.
- (h) Tenders have been opened by two gazetted officers appointed by the accepting officer.
- (i) The tenderer has entered the rates, in words as well as in figures.
- (j) Estimated cost and the No. and year of the present contract have been mentioned in the space provided for in the CST.
- (k) The contractor was asked to reduce his rates which are freakish in nature.
3. (a) The period of submission of contract documents to Main Office has been adhered to.

- (b) The contractor was brought on the approved list before awarding the contract. His Index No. and date of enlistment are given.
  - (c) All Amendments to IAFW-249 have been incorporated in the contract.
  - (d) All Errata to Standard Forms have been incorporated in the contract.
  - (e) The work being sanctioned under Para 34 of Defence Works Procedure, 2007, a copy of the report has been sent to the CFA and copy endorsed to Main Office.
  - (f) In case the contract amount exceeds the amount of Admin. Approval revised admin. Approval has been accorded before acceptance of the contract.
  - (g) Printed conditions of the contract (IFAW-2249) have been attached.
4. (a) All drawings have been received.
- (b) Drawings are based on designs approved by the E-in-C. It not sanction of the Govt. of India has been obtained for deviation from E-in-C's standard drawing.
  - (c) CA No. and year have been noted on the reverse of the drawings.
5. (a) The exact No. and location of points from which supply of water / electricity will be made available have been specified/indicated.
- (b) If the contract caters for supply of water by MES, the contractor has expressed his willingness in writing to draw water from MES source of supply.
6. Maximum deviation percentage has been fixed for the CA (Fixing of maximum deviation percentage as a matter of course is irregular).
7. (a) In respect of supply and fix items (except sanitary works) included in the contract, the items are not covered by the rate running contract of DGS&D.
- (b) The analysis of the supplementary rate included in the contract has been furnished.
8. The name of the signatory of the CA has been indicated and a certified copy of the powers of attorney / affidavit / partnership deed / Memorandum of articles of Association has been forwarded.

Sr. AO/ Accounts officer

## ANNEXURE 'B'

### (REFERRED TO IN PARA 62-A)

#### Audit of MES Contractors Final Bills in the Main Office.

1. The CA to which the final bill relates has been concluded and accepted in audit.
2. All objections/observations raised on the respective CA have been settled. If not, have the remaining ones got any financial effect.
3. The Contractor has signed the no claim certificate of Page 2 of the final bill without reservations.
4. The work provided in the CA has been completed within the stipulated period. If not compensation for the period or delay has been levied. (The claim for compensation is based on the value of work orders and not on the amount of work done by the contractor) Compensation statement duly signed by both the parties to the CA's attached.
5. Completion certificate has been attached to the final bill. In case completion certificate is subject to the rectification of defects sufficient amount to cover the cost of defect has been withheld.
6. The demand (including those intimated by the TE as a result to Technical Check) outstanding against the contractor are recovered from the bills.
7. The store statement attached to the final bill has technically checked and bears the requisite endorsement under the signature of SA/ASW/SW.
8. Over issue/ under issue of stores is condoned by the competent authority. Requisite action has been taken against the contractor who fails to return the surplus stores and retains them for his own use.
9. The following documents are enclosed with the bill :
  - (a) Bill forwarding certificate (IAFW – 2254).
  - (b) Final contract bill from IAFW – 2262.
  - (c) Statement of stores
  - (d) T&P Statement.
  - (e) Water recovery statement.
  - (f) Compensation, water, electricity recovery statement.
  - (g) Copies of work / deviation orders together with copies of Statement/ Special rates.
  - (h) Abstracts / Requisition
  - (i) Demolition Certificate

- (j) Completion Certificate.
  - (k) Correction sheet showing financial effect due to amendment during technical check.
  - (l) Questionnaire to the bill vide Annexure 'A' AHQ DGW No. 36364/E8 dated: 08.01.1953.
10. The requisite provision exists in the CA for issue of stores under Schedule 'B' T & P under Schedule 'C' Transport under Schedule 'D' and rates recovered, therefore tally with the rates provided in these schedules.
  11. UA's certificate of check with the Log book has been looked for on the statement in respect of Schedule 'C' recovery for the use of T & P on maintenance day is effected.
  12. All advances paid against the CA on the RAR's have been recovered in final bill quoting CRI No. and dates.
  13. The recovery on account of water charges has been enforced in accordance with the clause incorporated to this effect in the CA viz. either on the basis of the amount of work done or on the basis of the quantity of water consumed as recorded on the water meter. In case no recovery is effected inspite of provision in CA a certificate for non drawl of water from MES is attached with the final bill containing valid reasons.
  14. Certificates in regards to the Testing of Electrical / Water fittings and moisture contents in timber etc. provided for in the CA are attached to the final bill.
  15. If the CA provides for the employment of female searchers, the recovery of pay and allowances admitted to them if actually employed for the work has been effected.
  16. In respect of final bill for periodical services the following certificates have been furnished.
    - (a) Building shown in the CA have been checked with the RPMB/RTMB.
    - (b) Buildings provided in the CA exist at site.
    - (c) The area of periodical services shown in the CA tallies with the area recorded in PSMBs.
    - (d) The periodical services to buildings have been carried out after the proscribed interval and it has been verified by the AAO and the certificate is attached with the bill.
    - (e) Certificate from the AO GE to the effect that PSMB to which changes relate have been checked by the RAO concerned and relevant pages have been checked by him is attached.
  17. The nomenclatures of items of work executed as per schedule 'A' DO's, amendments are checked with the items shown in the abstracts of quantities attached with the bill.

18. Rates and quantities provided in Schedule 'A' DO's and amendments are checked with those in the "Abstract of Quantities" attached to the bills. DO/ Amendments provided for in the CA are attached.
19. Devaluation statements attached to the bill have been correctly prepared and accepted by the competent authority.
20. The cost of dismantled stores utilized by the contractor as provided in the CA is recovered and credited to the state. Demolition statement duly verified by the AAO is attached with the bill wherever necessary.
21. The final bill has been technically checked by surveyor of works cadre and bears endorsement to this effect in the cage provided in the final bill.
22. The bills for the purchase of stores have been audited as per existing instructions.
23. In respect of bill for contracts for "boring of tube wells" regularization of expenditure incurred on unsuccessfully / successful trials bores has been dealt with in terms of AHQ E-in-C No. 33487/64/E8 dated 28.02.1968 / 01.03.1968.
24. In disputed / delayed cases a further on account payment to the extent of agreed portion has been allowed only after scrutiny of final bill by the PCDA/ CDA.
25. The prescribed checks by the auditors / SO(A) / AAO on the abstract have been carried out and the items so checked initialed by the auditor / SO(A) / AAO Concerned.

**CHAPTER – VI**  
**TRANSFER TRANSACTION**

**69. Transfer Transaction – Adjustment of**

All transfer transaction will be adjusted in the accounts for the year to which they pertain.

70. I.D. Schedule: Settlement Account with Civil Vouchers and accounts, etc. will be received in Accounts Section periodically from the Accountant General / Civil Accounts Officers. The 'Accounts' Section will schedule the relevant items in duplicate to the AO of the MES formation concerned.

The AO/AAO GE after audit of these items will adjust in his monthly Punching Medium debiting / crediting the "Reserve Bank Classified Suspense" by contra adjustment to the relevant Service Head concerned.

The duplicate copy of the I.D. Schedule will be returned to the Accounts Section showing the particulars of adjustment.

The progress of adjustment of these items is watched by the Accounts Section vide Para 120 Defence Account Code (2014 Edition)

I.D. Schedules which pertain to works services but which the Accounts section cannot send to any MES formation and those pertaining to engineer units and formations to which no MES AOs are attached, are forwarded by the Account section to 'E' Section where they should be dealt with as stated in Para 120 Defence Account Code (2014 Edition) if centrally adjustable or forwarded to AO/AAO of the MES formation concerned for action as stated above. Such I.D. Schedule immediately on receipt will be entered by 'E' Section in the register to be opened for the purpose and their adjustment / further disposal watched. The Proforma of the above register, and the Fly-leaf instructions for the maintenance of the Register are, as prescribed in Section 2 of Chapter III, OM Part II, Vol. II.

71. **Sub Audit Officer's Accounts:** - The sub Audit Officer's Accounts are received in 'E' section from the Civil Accountant General concerned. It will be seen that each Account is signed, the progressive total expenditure to the end of the current month agrees with that shown under the heading "up to date" and that the heads for receipts and charges shown therein pertain to the MES heads of budget classification. After this check the account will be recorded and adjustment thereof will be watched through settlement account of the respective month. Any observations on the Sub-Audit Officers Accounts will be communicated to the Civil Accountants General concerned promptly and it will be watched that necessary adjustments on accounts of these observations, if any, are carried out by them through the accounts rendered by them for subsequent months.

72. **I.D. Schedules {I.A.D. (C.M.A. – 338 – A)} – Defence Exchange Account :**  
In case of MES transactions, AOs/AAOs GE prepare DID Schedules in quintuplicate and send them to the Accounts Section of their Principal Controller's/ Controller's Office. The Accounts Section of the originating PCDA/CDA after numbering the schedules and marking therein the code numbers of the responding PCDA/CDA will return one copy thereof to the originating AO/AAO GE and send one copy to the EDP Section and two copies directly to AO/AAO GE of the responding Principal Controller/ Controller with a forwarding memo showing the full particulars of the schedule. Copy of the forwarding memo will also be endorsed to the 'E' Section of the responding PCDA/ CDA. It is the responsibility of AO/AAO GE / Audit Section (E Section) to ensure that all DID Schedules floated by them are duly supported by vouchers. These documents should be sent to responding Principal Controller/ Controller within one month of its origination. The responding AO/ AAO GE is responsible for prompt adjustment of all DID Schedules. The adjustment is recorded on Part-B of the DID Schedule. The original copy is treated as PM and is sent to DDP/ EDP for further action. The AO/AAO GE MES should invariably send to the EDP Centre concerned a simple statement of DID Schedules adjusted in a month along with the monthly consolidated punching medium for the month.
73. The 'E' Section of the responding PCDA/ CDA on receipt of a copy of the forwarding memo will scrutinize whether the schedules mentioned therein have been sent to the appropriate AO GE and then record the forwarding memo in a Guard File (MES formation wise) to watch clearance of the schedules from the respective AO in accordance with the provisions of Paras 76, 77 and 80.
- A number of pages will be allotted in the Guard File to each Area as well as to each formation in that Area.
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76. An index indicating the allotment of pages will be prepared and pasted on the front page of the guard file.
77. The forwarding memo so recorded in the Guard File (Formation/ Area wise) would enable the 'E' Section to trace the MES formation to which an item shown in the outstanding lists of Defence Exchange Accounts furnished by the EDP Section / Centre pertains.
78. On receipt of the I.D. Schedules together with the covering list, the AO GE will check the Schedules and send them to the MES Officer concerned for verification and allocation where required. The covering lists received from the PCDA/ CDA will be filed in a guard file after noting the date on which the schedules were sent to the MES Officer concerned. He will mark off the entries contained in the lists as and when the I.D. Schedules are adjusted by citing reference to the number and date of the transfer voucher through which the

adjustment is effected and record the I.D. Schedules after adjustments have been made.

79. The AO/AAO GE will prepare a statement in triplicate showing the I.D. Schedules responded to through the monthly Punching Medium in the Proforma given in Annexure to Chapter IV of the MES Accountant Manual. The original copy will be sent to EDP Section / Centre and duplicate to the PCDA/ CDA 'E' Section and triplicate retained as office copy.
80. On receipt of the statement from the AO the 'E' Section will note the month in which the items have been responded to in the covering list pasted in the guard file.
81. In the adjustment of I.D. Schedule it will be seen that:-
- (i) The transaction pertains to authorized charges or represents bonafide credits;
  - (ii) The total amount of schedule is invariably responded to in full. If only a part of the amount of a schedule is adjustable and the rest is to be rejected, the full amount of the schedule will be responded to in the first instance and contra adjustment made by re-debit/re-credit of the whole or part amount (according as it is wholly or partly to be rejected by him), for the amount to be rejected, adjusted as on original entry through the same punching medium. In cases in which a schedule is partly adjustable by one formation and partly by another, the formation originally accepting the schedule will adjust and accept it for the full amount, and pass on to the formations concerned the debit or credit, as the case may be for the amount pertaining to them through the Remittance head concerned.
  - (iii) The particulars shown in the statement referred to in Para 80 above correctly represent the figures shown in the originating controller's I.D. Schedule.
  - (iv) Original credit/debit is adjusted by responding debit/credit, plus or minus as the case may be, to the code head allotted for affording response to the originating Controller, by contra adjustment to the code head to which the transaction pertains. Each schedule should be responded to separately.
  - (v) The responses are afforded promptly. A particular item should not normally appear as outstanding in two consecutive outstanding lists sent out by the EDP Section / Centers. If, however, such an item is found to appear in the second list, it should be put up to PCDA/ CDA /Addl. CDA / Jt. CDA for conducting a special enquiry with a view to affecting its clearance. Cases of undue delay for which satisfactory reasons are not forthcoming, should receive special attention of the Officer-in-charge Section and dealt with suitably;
  - (vi) The classification is correct. It should be noted that whereas the original items are passed under the code No. 21 responding items are always passed under Code No. 22.
  - (vii) The responses are not passed on to the Controller other than the one who raised the original item:

- (viii) No Schedule is responded to in parts;
- (ix) Responses are not made to original items which have already been responded to;
- (x) No re-adjustment is carried out in cases where a schedule number has been wrongly quoted or not quoted at all. The correct number of the I.D. Schedule is only required to be intimated to the EDP Section / Centre in such cases.
82. **Objections on Inward Items:** - Objections on inward items and correspondence connected therewith will be addressed direct to the Audit Section of the originating Controller. The originating Controller's Section, "Kind of voucher" and "voucher No." which are recorded in the Schedule will invariably be quoted in all such correspondence, besides the "Schedule No." in order to enable the audit section of that Controller's office to trace all the relevant documents easily.
83. A list showing full details of all the Defence Exchange Account original items remaining unadjusted is forwarded by the EDP Section / Centre every month to the Accounts Section, of Controller's office. On receipt of the list pertaining to 'E' Section from the Accounts Section, necessary action will be taken to expedite the clearance of the outstanding items shown in the list.
84. Any items shown wrongly in the statement of unadjusted items or in respect of which details are given wrongly will be reported to the EDP Section / Centre as soon as possible after receipt of the statement.
85. **Transfers between MES Officers:** - This head will be used for the purpose of transfer of charges or receipts from one MES formation to another within the same Defence Accounts Audit Area and must close with a nil balance every financial year.
86. Statement showing details of amounts compiled to the head "Transfers between MES Officers" will be received in 'E' Section along with the Punching Media from the AOs Transactions which have been adjusted during the month by both the Division concerned will be linked in the Progress Register (IAFW – 742) to be maintained in the Section and the unlinked items transcribed in this register.
- NOTE:** This fly leaf instructions for the maintenance of the above register are given in the Annexure – I to this Chapter.
87. Statements of unlinked items will be dispatched monthly to the AO/AAOs concerned for necessary action.
88. The adjustments of unlinked items will be vigorously pursued so as to avoid accumulation of arrears at the close of the financial year.
89. In the supplementary accounts for march, the original transactions will be responded to simultaneously by ensuring the prior acceptance of the responding party.

90. **Half yearly adjustment of the cost of vehicles issued from Army to MES :-** 'E' Section of CDA (Army) Meerut is responsible for carrying out half yearly adjustments (half year ending 30<sup>th</sup> September and 31<sup>st</sup> March) on an all India basis in respect of vehicles issued from Army Stocks, to MES for this purpose, the E-in-C, Army HQrs, is required to send half yearly a statement showing details of vehicles issued from Army to MES for the half year ending 30<sup>th</sup> September / 31<sup>st</sup> March, duly verified by the DFA (W) and MGO's Branch at Army HQrs and priced by the DFA (O).

It will be the responsibility of the LAOs of the consignor Depots to forward to the CDA (Army) Meerut receipted copies of issue vouchers for vehicles supplied to the MES for verification of adjustment of the cost of vehicles shown in the statement rendered to him by the E-in-C, Army HQrs. 'E' Section of the CDA (Army) Meerut will watch that these receipted vouchers are received from the LAOs concerned.

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## ANNEXURE – I

### Fly Leaf instructions for maintenance of the Register of MES Transfers.

#### OBJECT :-

To watch the progress of clearance of amounts relating to the transfer between MES Offices:

1. The register is maintained on (IAFA – 742). The amount compiled to code 0/024/00 should as far as possible close with a 'NIL' balance before the end of the financial year (Para 85 OM Pt. VIII refers). After the close of the accounts of a month, schedules in support of the amounts compiled as "Charged" and as "Receipt" to the Code No. 0/022/10 are received with the monthly punching media and the items shown therein are linked. The unlinked items are transcribed in this register.
  - (i) To watch their clearance in the subsequent month & also.
  - (ii) To expedite the same by issue of reminders to the concerned AOs.
2. This register should be submitted to the officer-in-charge on the 25<sup>th</sup> of every month.

**CHAPTER – VII**  
**PUNCHING MEDIUM**

94. Punching Media in respect of adjustments made by 'E' Section centrally will be prepared by that Section and submitted to the EDP Centre within the scheduled time frame.
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96. A copy of the consolidated monthly Punching Medium will be received by the 'E' Section from each MES AO/AAO in the Command. This Punching Medium will be supported by the following documents:-
- (i) Separate statements showing in details the amounts compiled to the debit and credit of the Head "Transfer between MES Officers".
  - (ii) Statement of I.D. Schedules Defence (Defence) adjusted during the month.
97. It will be watched by the 'E' Section that the monthly consolidated Punching Media duly supported by the specified statements are regularly received from the AO/AAOs GE. Action on statements for transactions compiled under Head "Transfer between MES Officers" and on statement of I.D. Schedules (Defence) adjusted during the month, will be taken as stated in Chapter VI, and thereafter the documents will be recorded.
98. Payments made by cheques/ e-payment by the Main Office in respect of MES formations e.g. Pay and Allowances of MES Civilian Officers. Industrial / Non-industrial Staff. TA Bills, Misc. Claims etc. will be compiled by the Audit Section concerned in the Main Office. For this purpose, the Audit Section will operate Class 9 voucher. The Punching Media will be prepared in quintuplicate and all the columns of the Punching Media will be completed by the Audit Section in the normal manner, as is done in the case of non MES bills. While the code number of the MES Formations will be indicated on all the copies of the punching medium, the Voucher number allotted to the bills by the formations will be quoted on all copies except the original.
99. The original punching media will be disposed in the same manner as other similar document in respect of Non-MES formations. Other copies of the Punching Media for each month will be sorted out AO GE wise by each audit section and a top list of punching media meant for each AO will be prepared indicating the Voucher number, amount and the code head to which the expenditure has been compiled. The top list will be prepared in quadruplicate at the end of the month and distributed as under:
- (a) The AO/AAO one copy.
  - (b) 'E' Section of the Main Officer one copy.
  - (c) Accounts Section of the Main Office one copy.
  - (d) One copy as office copy.

100. 'E' Section will compare the sectional compilation received from the EDP Section with copies of monthly punching media submitted by the Audit Section (Class 9 Vouchers) AO Class 4 Voucher and communicate to the latter any discrepancies discovered for reconciliation and adjustment. The final adjustment of the discrepancies will be watched by the 'E' Section.
101. EDP/DDP Centre, of concerned PCDA/CDA is responsible for allotting code Nos. to MES areas. The allotment of code Nos. to MES formation within each MES area is the function of the 'E' Section of the PCDA/ CDA's Office. The Code number for a formation will consist of two digits placed on the right hand side of the MES area code number and will run consecutively from '00' onwards (e.g. if '57' is Code number and for Delhi area will run Code No. 5700 may be allotted to CWE Delhi and '5701' to GE Delhi and so on). Copies of communications regarding allotment or revision of the formation Code Nos. will be endorsed to all other AO/AAO MES formation in the Command / Audit Area as well as the EDP Section CGDA, Delhi Cantt and all other PCDA/ CsDA. A record of these Code numbers will be maintained in a manuscript register.

The Proforma of the Register and its fly leaf instruction are given in Annexure to this Chapter.

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**ANNEXURE**

**Proforma register of Code Number allotted to MES Formation.**

MES Area .....

Code No. .... No. and date of EDP/DDP Centre  
Communication allotting the Code No.

Sl. No.	Name of the Formation	Code Number allotted	No. and Date of the Communication allotting the Code No.	Remarks
1	2	3	4	5

## ANNEXURE

### **Fly Leaf Instruction for Register of Code No. allotted to MES Formations.**

**Subject : To record the code Nos. allotted to MES Formations by 'E' Section of the PCDA/CDA's Office.**

#### **(Para 101 OM Part VIII)**

1. The allotment of Code Nos. to MES Area will be done by the EDP/DDP Centre while code numbers No. MES formation in each area will be allotted by 'E' Section. The Code No. for a formation will consist of two digits placed on the right hand side of the MES are Code No. allotted by the EDP/DDP Centre and will run consecutively from 00 onwards. For example if '62' is the Code No. of Pune (MES) Area, Code No. 62/00 may be allotted to CWE Pune No. 62/01 to GE Pune and so on. Copies of communications regarding allotment or revision of Formation Code Nos. will be endorsed to all the AOs attached to the MES Formations in the command and all other PCDA/ CsDA.
2. A record of Code Nos. allotted to the MES Formations will be maintained in manuscript register. A separate page or section of the register will be allotted for each MES Area. The Code No. allotted by EDP/DDP Centre to the MES area will be noted at the top of the page together with the No. and date of the communication allotting the Code Nos. The Code Nos. allotted to the MES formations in that area will be noted against the formation concerned, citing reference to No. and date of the memo allotting such Code Nos.
3. At the beginning of each financial year an up-to-date list of formations in the Command with Code Nos. allotted to them, will be forwarded to all concerned.
4. This register will be submitted to the Officer-in-Charge of the section on the 25<sup>th</sup> of each month.

## CHAPTER – VIII

### OBJECTION STATEMENT

104. **Statutory Audit Objection Statement:** - Test audit objection on MES contract, bill etc. (other than those relating to local audit referred to in Para 4 ante) will be received in 'E' Section and dealt with by the respective groups vide Para 5 ante. All other Test Audit Objection Statements, will on receipt, be entered in the register of Test Audit Objections to watch their clearance. They will then be analyzed and divided into the following categories:

- (1) Items which are mainly queries on facts.
- (2) Items relating to production of certain documents.
- (3) Expression of opinion on basic principles.
- (4) Expression of opinion on the propriety of action of Engineer or Accounts authorities.

Every effort will be made to send replies to items falling under the first two categories as expeditiously as possible. Objections on points concerned with Central audit in the Main Office will be dealt with and replied to in consultation, if necessary, with the MES authorities concerned or the officers of the Cadre of Surveyor of Works. Replies to objections relating to local audit of the Accounts of MES formations will be furnished after obtaining reports and remarks of the AOs/AAOs MES Formations / RAOs concerned.

Items failing under Categories 3 and 4 will be put up to the PCDA/CDA or the Addl.CDA/JCDA and the settlement of such objections progressed under his supervision. The Engineer authorities concerned should be consulted, whenever necessary, before final replies to such objections are furnished.

Test Audit Objections will be dealt with all stages with the utmost promptitude. Replies to Test Audit objections must be clear, comprehensive and supported by authorities in the Regulation etc.,

105. After action as above, the objection with which the Officer-in-Charge is in agreement will be incorporated in the next objection statement against the MES Officer concerned. Where, however, he does not agree with the Test Audit Authorities, he will discuss the objections with the DDADS/ ADADS/ AO DS concerned, but if no agreement can be reached, he will put up the matter to the PCDA/ CDA, who will decide whether the objection should be raised against the MES Officer concerned or not. All cases of difference of opinion between the PCDA/ CDA and statutory Audit authorities will be dealt with as laid down in Para 513 OM Part-I.

106. A Test Audit objection against a long standing practice, the discontinuance of which would cause inconvenience to the Army Authorities, or which pertains to Accounts which have long before been finally audited, will on receipt, be brought to the personal notice of the PCDA/ CDA by the Officer-in-Charge 'IA' Section or 'E' Section as the case may be. If the PCDA/ CDA agrees with

the objection, he will discuss it with the Command HQrs before taking any action on it. In cases where formal orders of the Govt. of India, Army Headquarters, or Command Headquarters are necessary to remove such an objection, it will generally be possible under this procedure to obtain such orders without actually raising the objection against the authorities subordinate to Command Headquarters.

Test Audit Objections of a trifling nature which can appropriately be waived under the financial powers of the PCDA/ CDA, will be put up to him others will be pursued with the executive and administrative authorities in the normal manner.

107. **Quarterly Statement of expenditure held under objection:** The Statement on the Accounts of the GE will be prepared on IAF (CDA) – 262 GE, by the AO GE, who, after columns 12 to 14 thereof duly completed by the parties concerned, will submit it in duplicate to the PCDA/ CDA ('E' Section) so as to reach him not later than the 15<sup>th</sup> of the 2<sup>nd</sup> month following the quarter to which the Statement relates.

This Statement relating to the account of the BSO, will be prepared on IAF(CDA) – M 262 – BSO by the AAO BSO showing inter-alia all outstanding on account of rent, electricity and water, overdue for a quarter. After getting columns 6 and 7 duly completed by the BSO and the officer Commanding Station, the AAO BSO will submit the statement to the PCDA/ CDA as indicated above.

**NOTE:-** Separate statements will be prepared in respect of each Major Head of Budget classification under which expenditure under which expenditure is compiled.

The statements on receipt in the PCDA/ CDA office will be subject to a general scrutiny with a view to seeing that they have been prepared in accordance with the printed Instructions on the Form IAF (CDA) 262/GE/IAF/(CDA)– 262-BSO and the rules in the MES Accountants Manual, and that all outstanding items in the previous quarter's statements have been repeated in the current statements. The CDA will take all further action towards the final settlement of the objections. Special attention will be given to cases of serious irregularities and to items in which consistent delay on the part of the executive in settlement of outstanding objections is noticed. Action will also be taken report to the administrative copy of the statement with the action taken by the CDA endorsed thereon will be returned to the Unit Accountant concerned.

108. The half yearly statement of items held under objection should be prepared by AAO and scrutinized by the Main Office, who will also include in the consolidated statement, to be rendered to the ministry of Defence(finance), items of the similar nature, amounting to Rs. 20,000 and over in each case noticed by the Main Office. The statements are to be submitted to reach the Ministry's Office on 15<sup>th</sup> May and 15<sup>th</sup> Nov. each year.

The objections raised by the Main Office should in all cases be progressed through APR (Audit Progress Register) and should not be transferred to AOs for inclusion in the SIOs.

The objections to be included in Form 'B' will be classified under the following categories:

1. **Administrative Approval**

- (i) Expenditure incurred without administrative approval.
- (ii) Expenditure in excess of the administrative approval.

The statement should include items on which excess expenditure is over 10% of the amount of administrative approval.

2. **Technical Sanction to costed schedules of works :**

- (i) Expenditure incurred without technical sanction to costed schedules.
- (ii) Expenditure incurred in excess of the technical sanction.

3. **Appropriation :**

- (i) Expenditure incurred without appropriation.
- (ii) Expenditure incurred in excess of the appropriation.

4. **Works Contract:**

Expenditure incurred without the execution of the contract agreements.

5. Important financial irregularities other than those failing under categories 1 to 4 above (to be listed)

6. Irregularities or unauthorized payment to contractors or suppliers (to be listed).

108 A. The half-yearly statements of expenditure referred to in the preceding Para relating to Air Force, Navy and Factory Works which will be submitted separately to DFAs (AF), (N) and (FY) respectively, will contain only such of those items as are required to be examined by them in consultation with the Administrative branch concerned, is. Air Headquarters, Naval Headquarters and DGOF respectively. These items will fall broadly under the following categories :-

- (i) Expenditure incurred without administrative approval or in excess of administrative approval.
- (ii) Expenditure incurred without allotment of funds or in excess of allotments made.
- (iii) Important financial irregularities etc. relating to the sanction as distinct from the execution of the work, e.g. audit objections relating to infructuous expenditure; special or other works carried out without proper sanction.

The statement submitted to DFA (W) will in addition to all the objections relating to Army Works, contain the under mentioned categories of objections pertaining to Air Force, Navy and Factory Works :-

- (a) Expenditure incurred without technical sanction or in excess of technical sanction.
- (b) Expenditure incurred without the execution of the contracts.
- (c) Important financial irregularities relating to the execution of the works, e.g. breach of works procedure.
- (d) Objections relating to overpayments to contractors or over issues or loan issues of equipment and stores to contractors.
- (e) Erroneous adjustments to avoid lapse of funds and losses arising directly from the execution of works.

Any of the objections not falling within the above categories should be classified and included in the particular statements submitted to the respective DFAs, attached to the Administrative Branch concerned or the DFA (W) attached to the E-in-C, Branch according to the nature of the objection and the administrative executive authorities by whom the objections are required to be settled.

The Statement rendered to DFA (W) would not obviously include any items relating to works carried out by agencies other than MES e.g. Factories and Captain Superintendent Dockyard Navy as the expenditure incurred on these works is being audited by Controllers other than the Regional Principal Controllers/ Controllers.

109. A summary of the total expenditure placed under objection and falling under all the categories given above will be shown on the first page of the printed form IAF (CDA) 264. The reverse of the form will, give detailed particulars of only such items as come under categories 1, 2, 3 and 4 (which are to be exhibited if outstanding for more than 6 months). The last column of the statement should give a reference to number, date and summary of the latest action taken to have the objectionable outlay regularized.

Details of items falling under categories 5 and 6 will be entered in separate manuscript statements to be attached to the printed form. Under these categories, all relevant cases are to be entered without regard to the period for which the irregularities have been outstanding.

110. Unsettled cases from previous statements will be carried forward to subsequent reports.

In case where the PCDA/ CDA is not satisfied with the action taken by the local MES authorities on other types of objections he may attach them as a separate statement to form 'B' (IAF (CDA)-264).

111. It will be seen that explanations of the action taken to regularize expenditure are definite and explicit and that the authority under which work or repair has been undertaken in anticipation of sanction to an estimate or allotment of funds in excess thereof, is clearly stated.

If there are no items to report, a 'NIL' Statement will be sent.

112. Objection relating to appropriations are removed during the course of the year, on receipt of orders sanctioning the necessary appropriations. If at the close of the financial year, there are objections outstanding for want of appropriation or excess over appropriation, they will be removed as soon as the Annual Appropriation and other yearly Statistical Returns have been submitted.
113. **Audit objection Statements:** - All objections on MES bills (both pre-audited and post-audited) will be communicated through objection statement (IAFW-565) to officers responsible for rectification of errors or explanations of the correct position. Replies to the re-audit decisions, further replies thereto and final decisions will be dealt with on IAFA-256.
114. The date of receipt of the monthly batch of post audit vouchers from AO will be entered in the objection Statement Register and audit of bills vouchers will be completed within one month of that date. Objections will be written concurrently with the progress of audit and a complete objection statement will be put up by the auditor to the SO(A)/AAO for scrutiny with bills / vouchers and onwards submission to the Officer-in-Charge for approval.
115. All objections noticed by the Auditor will be entered by him in the office copy of the Objection Statement. Items up to Rs 500 and those over Rs 500 and up to Rs 2000 will be marked separately. The AAO and SAO/ AO will strike out these up to Rs 200 and Rs 500 respectively unless for reasons, which they will record on the objection statement, they think that they should stand. Items over Rs 500 and up to Rs 2000 will then be put up to the Dy. CDA/ ACDA (AT) and Addl. CDA/ Jt. CDA for waiver under Rule 177 FR Part-I Vol-I (1983 Edition). Objections so waived will not be included in the fair copy of the statement which is issued to the MES Formation.

If any MES formation is apparently taking undue advantage of this waiver or is preparing accounts in a careless way, the matter will be reported to the CWE/CE for rectification. If no satisfactory response is received from the CWE or the CE, the powers of the waiver will not be exercised.

The Officer-in-Charge, will also decide in consultation with the PCDA/ CDA, if necessary, if in view of the infringement of a standard of financial propriety any objection is to be treated as financial irregularity on which the action (Prescribed in Chapter 2, Para 40, Defence Audit Code) is required to be taken.

116. Before an objection statement is dispatched, the No. of objections raised and the amount involved will be entered in the "Objections Register, IAFW 473 (Revised) together with the date of dispatch.

117. If an objection indicates the need for prescribing a new procedure for general observance by all MES formation such a procedure will be communicated through the medium of a circular letter.

As far as possible, all objections will be so descriptive and clearly worded so as to obviate the necessity for a reference to the voucher or account concerned.

118. All objections, the settlement of which is being unduly delayed will be reported regularly to the superior authorities of the individuals against whom the objections are outstanding.
119. In case of objections relating to amounts outstanding against individuals, the desirability of enforcing recovery will be considered and if for any reasons, it is considered inexpedient to enforce deduction, order of the PCDA/ CDA will be obtained.
120. When an objection once raised has been withdrawn either on reconsideration or in the light of information subsequently furnished or made known, the authority to whom the objection was originally addressed will be informed immediately either through re-audit decisions or a memorandum.
121. In order to present a correct appreciation of (1) the results of audit, and (2) the progress of clearance of audit objections, it is necessary to express the objections in money values. There are, however certain objections which do not readily lend themselves to be so expressed, or which, when expressed, do not give an adequate or fair idea of the degree and extent of the irregularity or deviation from statement, wherein the serious nature of the irregularity alone may be pointed out in clear terms.
122. Defects will be pointed out and instructions for the guidance of officers and others in connection with the preparation and submission of bills, vouchers and accounts etc, will be given in red ink notes. These red ink notes will follow the objections and will be recorded separately under manuscript heading "Audit Observations".
123. Every endeavor will be made to reduce the number of objections of a formal or technical nature and care will be taken to see that objections on trivial and manifestly bonafide charges are not issued. Objection statements will, therefore, be closely scrutinized before their issue to see that no item is included therein to which any exception could be taken by the Executive Authorities on reasonable ground. This may not, however, be taken to fetter the discretion of the PCDA/CDA to raise objections and observations, which may appear to be of technical nature, When in the opinion of MES Officers any objection or observation is not justified or is beyond the purview / audit of they have instructions to settle the points raised by personal discussion with the PCDA/ CDA concerned when a PCDA/ CDA is approached with the above end in view every possible assistance and co-operation should be afforded to the MES Officers with due regard to his own primary duties as an Audit Officer and Financial Adviser.

For the sake of convenience, amounts finally disallowed on objection statements may be entered in Demand Registers but this will not dispense with the necessity of noting adjustments in the objection Statements and Registers.

124. The RAO / LAO will report to the PCDA/ CDA's Office (IA / 'E' Section as the case may be) irregularities of serious nature coming to their notice during the course of inspection of the accounts of MES formations, accompanied by a Draft Para for inclusion in the report of the MFAI. Irregularities, which although not fit for inclusion in the report on the MFAI but are considered by the RAOs to be of sufficient importance for bringing to the notice of higher executive authorities because of their continued recurrence or after effects will be extracted to the IA Section of PCDA/ CDA's Office. On receipt of the extract IA Section will submit them to the Officer-in-Charge for perusal. His remarks, if any, will be conveyed to the inspecting Officer for guidance. These will also be shown to the Officer-in-Charge, 'E' Section for his information.

Whenever considered expedient, items of an important or serious nature, which it is desired to bring to the notice of the higher authorities will be extracted by the IA Section and sent the Chief Engineer for information.

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## CHAPTER IX

### ANNUAL REVIEW OF WORKS EXPENDITURE

127. The annual review of works expenditure which will cover Army, Factory, Air Force and Naval Works expenditure, will consist of the following statements. Specimen forms of Statements 'A', 'B', 'C', 'D', 'E', 'F', 'G' and 'H', are given in the Annexure of this Chapter.

**Statement 'A'**: Showing major works carried out during the year and explanations for variations between appropriation and expenditure of the year due to under / over estimation, unforeseen causes, economy measures adopted, engineering reasons, fall in prices, lack of settled programme, change in policy, change design / specification etc.

This Statement caters for the following:-

- (i) All major works in respect of which the original estimates, appropriation or the actual expenditure incurred during the year is Rs. 25 Lakh or more provided the variation is 50% thereof or more .
- (ii) All non-budget major works estimated to cost over Rs. 10 Lakh on which expenditure was incurred during the year. The precise cause of initiation of such works should be clearly stated in the remarks columns of the statement, irrespective of the percentage of variation between the estimated cost of the original grant and the actual expenditure.

**NOTE** : The term non-budget works, for the above purpose cover all works costing over Rs. 10 Lakh each executed during the year but not included in advance in the works programme approved by the inter services works periodicity Committee. Irrespective of whether they have been administratively approved by the competent authority or ordered under Para 34 or and 35 of the Defence Works Procedure 2007 or for which allotment of funds has been made. However to enable the PAC to have a proper appreciation to the cases the total estimated value of each non-budgeted work may also be indicated in the statement.

Should the variation be due to more than one cause referred in the heading of the form, the amount assignable to each cause should be shown separately in the remarks column of the statement. The phrases "administrative reasons" "engineering reasons", change in policy", "over estimation", "unforeseen causes" lack of settled programme, etc., are only meant to be broad headings and are not sufficiently explanatory themselves. These should, therefore, be supported by full but concise reasons and circumstances of each case leading to saving, excess, etc. It would also be stated whether the saving / excess was due to any body's fault and if so whether disciplinary action has been taken or is proposed to be taken against that individual and whether any remedial action has been taken or is contemplated.

**Statement 'B'** : Showing original estimates and expenditure etc. and explanations of variations i.e. due to under / over estimation, unforeseen causes, economy

measures adopted, engineering reasons, fall in prices, lack of settled programme, change in policy, change in design / specification, etc. in respect of major works financially completed during the year, the original estimates or actual expenditure on which is Rs. 25 Lakh or more provided the variation is 10% of the original estimates or more.

This statement should be accompanied by an annexure containing the number of such works for the Command as whole indicating the number of works completed during the year, carried forward from the previous year, commenced during the year etc.

**Statement 'C':** Expenditure placed under objection:- The amount placed under objection should be classified under the different headings of the statement. It should be stated how far the objection could have been avoided by timely action. Where necessary, it may be indicated that the rule, the departure from which gave rise to the objection is defective or incapable of being carried out and ought, therefore, to be amended. It should also be mentioned how much of the amount objected to still remains outstanding on the date of the submission of the review and whether any special steps have been taken for their clearance. In support of the amount shown in columns 3 to 5 of the statement a list of the more important items of works, viz. items of Rs. 20,000 and over comprising the expenditure placed under objection should also be attached to the statement. Objectionable outlay relating to works for which expenditure approval of the competent authority has been accorded should be shown separately from those in respect of which no such approval has been accorded.

As far as possible, basic reasons, e.g. laxity of control, defect in system, lack of cooperation between the MES executive and the AO/AAO together with the amount assignable to each cause which contributed to the objectionable outlay (if these could be ascertained without much work) should be ascertained and indicated in a covering note to this statement.

In addition to the above an abstract in the following form should also be furnished:-

Serial No.	Abstract	Amount

- (A) (1) Total amount of objections raised during the particular year under review and relating to expenditure incurred during that year only.
- (2) Clearance of (1) above during the year under review.
- (3) Net amount of (1) above remaining outstanding at the end of the year under review (difference of (1) and (2) above).
- (4) Total amount of outstanding objections raised prior to the year under review.

- (B) Total amount of objections raised during the year under review but relating to expenditure incurred in previous years.
- (5) Clearance of (4) above during the year under review.
- (6) Net amount of (4) above remaining outstanding at the end of the year under review (difference of (4) and (5) above).
- (7) Grand total of all objections outstanding at the end of the year under review being the total of (3) and (6) above.
- (B-1) Grand total of Real objections / Formal objections referred to in A
  - (1) Above excluding overlapping objections.
  - (2) Grand total of outstanding at the end of the year. Real /formal objections referred to in A(3) above excluding overlapping objections.
  - (3) Amount of overlapping objections.

**NOTE: 1** — Audit objections raised by PCDA/ CDA in pre-audit / Post audit of bills as outstanding in his books like Audit Progress Register. Objection Statements, Demand Registers etc, may be included in the statement 'C' by the main office of PCDA/ CDA before dispatch of the statement to DFA (W).

**NOTE: 2** --- Simultaneously with the rendition of the statement 'C' to DFA (W) Ministry of Defence (Finance), action should be taken by PCDA/ CDA for causing the issue of general instructions by the Chief Engineer with a view to reducing the number of objections outstanding.

**NOTE: 3** --- Formal objection outstanding for more than one year only should be reported.

**Statement 'D'** : Showing irregularities in connection with contracts, the acceptance of tenders etc, and excess expenditure owing to rates for works not having been kept to the minimum.

The Controllers will submit the following eight statements in this connection:

- (1) Cases in which tenders other than the lowest have been accepted.
- (2) Cases showing detective drafting of contracts.
- (3) Cases in which work was started or carried out without concluding any contract.
- (4) Cases in which contract Rates / Amounts were enhanced without increasing the scope of work (s) to be carried out by the contractor (s).
- (5) Cases in which long term contracts are not considered to be financially sound.
- (6) Cases in which extension of time were granted.
- (7) Cases in which Deviation Orders were issued late and where Deviation Orders were issued after the completion or work.

(8) Miscellaneous cases.

NOTE: Consequent upon the introduction of the practice of requiring contractors to execute a bond in favour of the President against the due and proper performance of work entrusted to them, it will be necessary to watch that the State is adequately protected financially during the currency of the work when running payments are made to contractors and when final payment are made. Hence cases, in which adequate financial protection to the State is not ensured will also be shown under (B) Miscellaneous cases.

In reporting cases in statement (B) it will be indicated whether the irregularities are due to individual errors or due to any general tendency.

It a general tendency is indicated, suggestion for remedial action will be made where possible. In connection with contracts in which tenders other than the lowest have been accepted. Audit must call for the reasons for the acceptance of such tenders. Similarly in the case of long term contracts Audit must satisfy itself that such contracts are desirable from a financial point of view. If the explanations given by the MES authorities in either class of cases are not considered satisfactory by Controllers, such items along with the view held in the matter by the local executive authorities (and where necessary by the Command authorities) will be included in the statement with suitable remarks.

Ordinarily no revision, modification or change in the Schedule of Prices, carried out after the date on which the Notice of Tender was issued can effect the terms of Contract. In certain special circumstance, however, an alteration to a rate in the Schedule of Prices is permissible under paragraphs 440 and 441 of MES Regulations (1968 Edition). Controllers should comment in their review on the extent to which this power has been utilized in their areas.

In respect of items to be included in this statement, cases which have already been reported to Army Headquarters, the Govt. of India or the CGDA, need not be dealt with in full detail. A brief summary with a reference to the relevant correspondence will be sufficient in such cases.

Full details of the irregularities included in statement 1, 2 and 8 should be furnished along with the remarks of the executive authorities, if any.

**Statement 'E': - Rush of Cash expenditure in March.**

In this report, Controllers, should state the Main reasons for the rush of expenditure in March given also monetary values in each case and their comments, if any. They should also give separately in this statement the case expenditure incurred during each month of the year under report. A copy of the report will also be rendered to the DADS.

**NOTE** — The information in this statement will be given Zonal CE wise.

### **Statement 'E' Supplementary:**

This report will deal with the following types of cases:-

- (1) Works costing over Rs. 25 Lakh.
- (2) Cases in which the expenditure during March is two times or more than two times the average of the preceding eleven months.

**NOTE** — Cases where no expenditure has been incurred throughout the year except in the month of March may not be included in this statement, except where the expenditure in the month of March exceeds Rs. 10,000.

**Statement 'F'** :- Miscellaneous irregularities of important nature such as losses, non recovery of licence fee, etc. this statement should give brief particulars of each case with its monetary value, and should indicate whether the sanction of the competent authority has been obtained wherever necessary.

As in the case of statement (A), (B), and (D) the remarks of the Command Staff need only be obtained where the views of the CDA are at variance with the views of the local engineer authorities and CE.

**Statement 'G'** :- Showing the actual working of the Standard Schedule of Rats.

The statement should include cases of contracts of Rs. 1 Lakh and above (irrespective of whether they pertain to original works or maintenance services) wherein items of work were priced at scheduled rates and the contractors were asked to quote a percentage above or below that price. The amounts relating to prime cost sums and provisional sums which are included in the estimate, the technical sanction and the contractor's rates will, however, be excluded for exhibition under columns 4 to 6 of the statement.

**Statement 'H'** :- Lapse of funds due to Bad or No Planning:- A report in respect of all new schemes costing Rs. 5 Lakh and above where savings are 10% or more of the original appropriation will be furnished to Ministry of Defence Finance (Def./Works) annually by the 1<sup>st</sup> September each year incurred in previous years should not be included in the report.

128. In addition to the above statement the following subsidiary statements are required to be submitted along with the review:

- (i) **Statement showing the working of the quantitative system of store accounting** :- The controllers will give in this statement a brief report on the working of the quantitative system of store accounting in Divisional Stock based on the following aspects :-
  - (a) Whether quantitative limits have been fixed (and adhered to in practice) with due regard to the actual requirements.
  - (b) Whether stock book rates were properly worked out and the rates paid for were within limits fixed.
  - (c) Whether the expenditure on maintenance of stores has been reasonable.

A general but a brief note on the state of maintenance of stores accounts in Engineer Parks should be furnished along with the statement. This note should, inter-alia deal with stock verification, documentation and accounting, store holding and store disposal.

**(ii) Expenditure on Operational Works**

A statement in the following form in respect of amounts spent on operational works ordered by the Local Commanders is to be furnished.

List of operational works ordered by Local Commanders showing expenditure incurred during the year.

Sl. No.	Name of operational work and reference to order	Amount of sanction, if any	Expenditure incurred during the year	Remarks
1	2	3	4	5

**129. General instructions for the preparation of the Review :**

The Annual Review should be prepared on a uniform basis and will embody all necessary information in the statements prescribed above, rather than in a covering letter in a narrative form, in other words the reports should consist of a series of statements with a letter forwarding these statements. It should, of course, bring any further information to notice which controllers may think of value and which cannot appropriately be included under the headings of the various statements. In fact, these statements are not to be held as covering each case on which information is required. Cases may occur or tendencies may appear in various areas which controllers would be well advised to mention in their reports. There may, in some cases be interesting information to bring forward regarding the tendency of prices. It is also necessary that the statements themselves should be fully informative. Statistics without comment where useful comment can be made are of little use, in addition to the notes in the columns of each statement; Principal Controllers/ Controllers may give a covering note to any statement emphasizing the points which they consider most important.

It is essential that the various points brought out should be discussed by the Controllers with the Local MES authorities and the Chief Engineers Commands particularly those points which are debatable. The view of the Command Staff also be obtained on the point on which the local engineer authorities and the PCDA/ CDA disagree. The reports should be furnished after full consultation with such authorities and any points of difference existing even after personal discussion brought out in the report. Mention should also be made of cases in which the authorities concerned have, by their policy of procedure, protected or advanced the financial interests of the Government. It is desirable that all instances of improvement and all progressive tendencies should be brought to light along with those involving the progressive trend.

The annual review should not contain controversial suggestions relating to an alteration of procedure or system. But, actual cases brought to light, even though controversial should definitely be included after discussion with the administrative authorities and an agreed opinion on each such case should be expressed or the difference of opinion clearly stated.

130. The work in connection with the collection of statistics for the Annual Review will go on throughout the year as audit progresses, and cases are brought to notice, and not commenced in haste at the time when the review is due. It will be ensured that the work pertaining to collection of information for the Annual Review is kept fully current all through the year.
131. The Annual Review of Works Expenditure comprising of all the statements will be submitted by the Principal Controllers of Defence Accounts/ Controllers of Defence Accounts to the CGDA, so as to reach them not later than the dates prescribed by the CGDA.
132. **Appropriation Account for 50- Civil Works** will be prepared and rendered in accordance with the instructions issued by the CGA.
133. **Statement 'A' :-** Showing original appropriation and expenditure, etc, and explanations for variations between the original and expenditure of the year due to under / over estimation, unforeseen causes, economy measures adopted, engineering reasons, fall in prices, lack of settled programme, change in policy, change in design / specification, etc., in respect of all Major Works carried out during the year for which the original grant or actual expenditure is Rs. 25 Lakh or more and the variation between the original allotment and actual expenditure is 50% or more and all non-budget Major works which are estimated to cost over Rs. 10 Lakh.

Sl. No.	Name of Work	Original appropriation as shown in the budget estimates	Expenditure during the year	Saving	Excess
1	2	3	4	5	6

Remarks explaining variation

By the CDA	By the local engineer authorities	By the Chief Engineer Command	By the Command Staff where necessary	Final comments by the CDA	General Remarks
8	9	10	11	12	13

**Statement 'B' :-** Showing original estimates and expenditure, etc., and explanations of variations, i.e. due to under / over estimation, unforeseen causes, economy measures adopted, engineer reasons, fall in prices, lack of settled programme, change in policy, change in design / specification etc., in

respect of all major works completed during the year whose original estimates or actual expenditure is Rs. 10 Lakh or more, and the variation between the original estimates and actual expenditure is 10 % or more.

Sl. No.	Name of Work	Amount of Original estimates	Total Expenditure	Savings	Excess
1	2	3	4	5	6

Remarks explaining variation by:

The CDA	The local engineer authorities	The Chief Engineer Command	The Command Staff where necessary	Final comments by the CDA	General Remarks
8	9	10	11	12	13

**ANNEXURE**

**STATEMENT 'C' EXPENDITURE PLACED UNDER OBJECTION**

**PART – I**

Sl. No.		Want of Administrative approval		Want of technical sanction		Want of Appropriation	
		To works for which expenditure approval of competent authority has been accorded	To works for which expenditure approval of competent authority has not been accorded	To works for which expenditure approval of competent authority has been accorded	To works for which expenditure approval of competent authority has not been accorded	To works for which expenditure approval of competent authority has been accorded	To works for which expenditure approval of competent authority has not been accorded
1	2	3(i)	3(ii)	4(i)	4(ii)	5(i)	5(ii)
1.	Total amounts of objections raised during the particular year under review and relating to expenditure incurred during that year.						

2.	Clause of (i) above doing the review						
3.	.....						
4.	.....						
5.	.....						
6.	.....						
7.	Grand total of all objection outstanding at the end of the year under review (being the total (3) & (6) above						

NOTE :- (i)  
(ii)

**STATEMENT 'C' – EXPENDITURE PLACED UNDER OBJECTION**

**FORMAL OBJECTIONS**

Sl. No.	Calculations	Vouchers awaited	Outstanding against contractors	Discrepancies in rate of stores	Failure to account for stores received or charged off	Non-clearance of outstanding liabilities	Temporary excess over sanctioned limits in material account	Other miscellaneous objections	Outstanding in suspense account	Incorrect calculation
1	2	3	4	5	6	7	8	9	10	11
1.	Total amount of objections raised during the particular year under review & relating to expenditure incurred during that year only.									
2.	Clearance of (1) above during the year under review.									

3.	Net amount of (1) above remaining outstanding at the end of the year under review (difference of (1) & (2) above)									
4.	(a) Total amount of outstanding objections raised prior to the year under review.									
	(b) Total amount of objections raised during the year under review but relating to expenditure incurred in previous years.									

5.	clearance of (4) above during the year under review.									
6.	Net amount of (4) above remaining outstanding at the end of the year under review (difference of (4) & (5) above).									
7.	Grand total of all objections outstanding at the end of the year under review (being the total of (3) and (6) above)									

**NOTE: 1** — Details of amount where the monetary value of outstanding objections exceed Rs. 20,000/- should be given in an annexure to this statement. The items cleared, together with their monetary value, subsequent to the year under review may also be indicated.

**NOTE: 2** — Formal objections outstanding for than one year only will be reflected in this statement.

CE .....PCDA/CDA.....

**ANNUAL REVIEW OF WORKS EXPENDITURE FOR THE .....STATEMENT 'D' (1)**

**CASES IN WHICH TENDERS OTHER THAN THE LOWEST HAVE BEEN ACCEPTED**

Sl. No.	Name of formation	Contract No.	Name of work	Estimated cost of work	Cost of work as per tender accepted	Amount of lowest tender	Remarks of executive for accepting other than lowest	Detailed remarks of the PCDA/CDA
1	2	3	4	5	6	7	8	9

CE ..... PCDA/ CDA.....

**ANNUAL REVIEW OF WORKS EXPENDITURE FOR THE .....STATEMENT 'D' (2)**

**SHOWING CASES OF DEFECTIVE DRAFTING OF CONTRACTS**

Sl. No.	Name of formation	No. & the year of the contract Agreement	Name of work	Amount of contract agreement	Nature of irregularity	Remarks of the executive authorities	Remarks of the PCDA/CDA
1	2	3	4	5	6	7	8

CE ..... PCDA/ CDA.....

**ANNUAL REVIEW OF WORKS EXPENDITURE FOR THE .....STATEMENT 'D' (3)**

**SHOWING CASES IN WHICH WORK WAS STARTED / CARRIED OUT WITHOUT CONCLUDING CONTRACT**

Sl. No.	Name of work	Administrative Approval No. and date and amount	Cost of work carried out	Reasons given by the executive authorities for non-conclusion of contract	Remarks by the PCDA/CDA
1	2	3	4	5	6

CE ..... PCDA/ CDA.....

**ANNUAL REVIEW OF WORKS EXPENDITURE FOR THE .....STATEMENT 'D' (4)  
SHOWING CASES IN WHICH CONTRACT RATES / AMOUNT WERE ENHANCED WITHOUT INCREASING  
THE SCOPE OF WORKS TO BE CARRIED OUT BY THE CONTRACTOR (S)**

Sl. No.	Name of formation	No. & Year of the contract	Name of work	Amount of contract rates ..... Original / enhanced	Percentage amount of increase	Financial effect	Reasons given by the executive authorities for enhancing the amount of contract rate	Remarks by the PCDA/CDA
1	2	3	4	5	6	7	8	9

CE ..... PCDA/ CDA.....

**ANNUAL REVIEW OF WORKS EXPENDITURE FOR THE .....STATEMENT 'D' (5)  
SHOWING CASES IN WHICH LONG TERM CONTRACTS CONCLUDE WERE NOT CONSIDERED  
FINANCIALLY SOUND**

Sl. No.	Name of formation	No. & the year of the contract Agreement	Name of work	Percentage of tender accepted	Amount contract	Reasons given by the Executive authorities for conclusion of long term contract	Remarks of the PCDA/CDA clearly brining out reasons under which long term contract was not considered
1	2	3	4	5	6	7	8

CE ..... PCDA/ CDA.....

**ANNUAL REVIEW OF WORKS EXPENDITURE FOR THE .....STATEMENT 'D' (6)**  
**SHOWING CASES IN WHICH EXTENSION OF TIME WERE GRANTED**

Sl. No.	Name of Garrison	Name of the work	No. & the year of the CA	Period of completion contemplated in the CA with the date thereof				Detailed of extension granted				Broad feature for the grant of extension indicating also where the extensions are considered to have been granted for other than valid reasons.
				Date From To	Year	Months	Days	From	To	Do Nos. dt	Total period of extension	
1	2	3	4	5	6	7	8	9	10	11	12	13
		(A)	(A)					(a)		(a)		
		(B)	(B)					(b)		(b)		
		(C)	(C)					(c)		(c)		
								(d)		(d)		

**STATEMENTS 'D' (6) Contd.**

**NOTE:** In regard to extension to time. The Principal Controllers/ Controllers will furnish the details in respect of these cases only where extensions of time granted are 25% or more of the original time allowed. In respect of cases where extensions granted are below 25% of the original time allowed, the total No. of such cases should only be indicated.

The term contracts are to be excluded from the reports on extensions of time and covering Deviation Orders.

All cases of extension of time whether granted before or after completion of work should be included in this statement. The details of covering DOs should however be furnished in Statement 'D' (7).

**ANNEXURE 'A' TO STATEMENT 'D' (6)**

- (A) No. of cases where extension granted was 100% and above of the original period of contract / work order.
- (B) No. of cases where extension granted was 50% or more but less than 100% of the original period of contract / work order.
- (C) No. of cases where extension granted was 25% or more but less than 50% of the original period of contract / work order.
- (D) No. of cases where extension granted was less than 25% of the original period given in the contract / work order.

CE ..... PCDA/ CDA.....

**ANNUAL REVIEW OF WORKS EXPENDITURE FOR THE .....STATEMENT 'D' (7)**

**SHOWING CASES IN WHICH DEVIATION ORDERS WERE ISSUED LATE AND WHERE DEVIATION ORDERS WERE ISSUED AFTER THE COMPLETION OF WORK.**

Sl. No.	Name of GE formation	No. of cases in which DOs were issued late after the completion of work	Broad reasons.
1	2	3	4

CE ..... PCDA/ CDA.....

**ANNUAL REVIEW OF WORKS EXPENDITURE FOR THE YEAR.....STATEMENT 'D' (8)**

**SHOWING MISC. CASES**

Sl. No.	Name of the formation	No. & the year of the CA	Name of work	nature of irregularity involved	Remarks of the executive authorities	Remarks of the PCDA/CDA
1	2	3	4	5	6	7

**STATEMENT 'E' PART – I – RUSH OF CASH EXPENDITURE DURING MARCH 20.....**

Sl. No.	Name of Zonal CE	April 20.....	May 20.....	June 20.....	July 20.....	August 20.....	Sept. 20.....	Oct. 20.....	Nov. 20.....	Dec. 20.....	Jan. 20.....	Feb. 20.....	Total to end of Feb 20.....	Average March Excess 20.....

**ANNUAL REVIEW OF WORKS EXPENDITURE 20.....**

**STATEMENT 'E' PART – II REASONS FOR RUSH OF CASH EXPENDITURE DURING MARCH 20.....**

Sl. No.	Name of Zonal CE	Late Finalization of final bills	Accelerated Progress of works towards the end of the year	Slow progress of work during earlier period of the year	Larger on account payments	Late commencement of work	Late materialization of stores purchases		
							Locally purchased stores	Centrally purchased stores	Late conclusion of contracts

Delay in preparation of final bills	Total late completion of work	Late receipt of sanction	Late receipt of allotment of funds	Accumulated payment of electric & water supply bills	Late placing of supply / work orders	Total rush

**SUBSIDIARY STATEMENT 'E' SHOWING RUSH OF EXPENDITURE DURING MARCH IN RESPECT OF MAJOR WORKS ADMINISTRATIVELY APPROVED FOR OVER Rs. 25 Lakh**

Sl. No.	Name of work	No. & date of Adm. Approval	Amount of Adm. Approval	Original allotment for the year and date of commencement of work	April	May	June	July	Aug.	Sept.	Oct.	Nov.
1	2	3	4	5	6	7	8	9	10	11	12	13

Dec.	Jan.	Feb.	Total for 11 months i.e. from April to Feb.	Average of 11 months	Total for the period from Oct. to Feb.	Average for the period Oct. to Feb.	March	Remarks of GE for rush in March
14	15	16	17	18	19	20	21	22

**STATEMENT 'F' SHOWING IRREGULARITIES OF MISCELLANEOUS NATURE E.G. LOSSES NON-RECOVERY OF LICENCE FEE ETC.**

Sl. No.	Name of formation	Nature of irregularity	Amount	Remarks of executive authorities	Remarks by the PCDA/CDA
1	2	3	4	5	6

**STATEMENT 'G' SHOWING THE ACTUAL WORKING OF STANDARD SCHEDULE OF RATES**

Sl. No.	Particulars of work	No. & date of Adm. Approval	Estimated cost of work as per technical sanction	Cost of work as per SSR	Cost of works as per contractor tenders	Percentage above or below over SSR	Remarks
1	2	3	4	5	6	7	8

**STATEMENT 'H' LIST OF SCHEMES COSTING Rs. 5 LAKHS AND ABOVE FOR WHICH FUNDS WERE ALLOTTED  
DURING THE YEAR 20..... AND WHERE FUNDS AHD TO LAPSE DUE TO BAD OR NO PLANNING AND  
WHERE THE SAVING WERE 10% OR MORE OF THE INITIAL ALLOTMENT**

Sl. No.	Name of work	No. & date of Adm. Approval	Amount of Adm. Approval	Amount of original Appropriation	Actual expenditure	Savings	Percentage of column 5 to column 7	Remarks explaining savings		
								By the local authorities	By the command authorities	By the PCDA/CDA after taking into account the remarks vide column 9 & 10
1	2	3	4	5	6	7	8	9	10	11

**CHAPTER – X**  
**MISCELLANEOUS**

**PERIODICAL SERVICES MEASUREMENT BOOKS :—**

134. At the time of scrutiny of requisition involving additions alterations and demolition and loss statements (For buildings) it will be seen that a certificate has been recorded thereon to the effect that necessary alterations in Periodical Services Measurement Books concerned have been carried out. The loss statements (For Buildings) will be kept in the PCDA/ CDA Office in a separate file to be opened for each MES formation. These files and requisitions will be sent to the RAO for linking with PSM Books. The RAO after carrying out the necessary linking will return the original paid vouchers and the files to the PCDA/ CDA Office for record.

**PROCEDURE RELATING TO THE DISPOSAL OF ATTACHMENT ORDER:-**

135. When the attachment or prohibitory order is received against a Contractor who has a contract with the MES. The order will be passed on in a confidential cover to the MES Officer who is responsible for making disbursements against the contractor's bills. The court will be simultaneously informed of the transfer of the attachment or prohibitory order with the reason therefore and asked to address any further correspondence on the subject direct to the MES Officer concerned that amounts due to Government are first adjusted.
136. **Financial Stock taking of Major MES Projects:-** The PCsDA/ CsDA will render reports (in duplicate) or Financial Stock taking in respect of all projects costing over Rs. 120 Lakh (showing their financial position as on 31<sup>st</sup> March of the preceding year) to the Ministry of Defence (Finance) by 1<sup>st</sup> September each year.

The above report covering all projects costing Rs 120 Lakh and over for the FY 1996-97 onwards will be rendered by the Zonal Chief Engineer to the concerned PCsDA/ CsDA by the 30<sup>th</sup> April each year, through AO/ AAO GEs/RAOs/LAOs.

137. The financial stock taking of big projects is intended to indicate how expenditure on a project is progressing as compared with the sanctioned estimates for the same and to ascertain the prospects of completing the residual work within the balance of the sanctioned estimate. If the Competent Financial Authority has sanctioned the execution of the project in the piecemeal, the forecast will be prepared with reference to the portion of the scheme sanctioned, the unsanctioned portion being dealt with separately. The reasons for this peculiar method of dealing with the project will be ascertained and carefully analysed.
138. The financial stocktaking report forecast will be prepared as under:

Statement Showing the financial position of \_\_\_\_\_ on  
31<sup>st</sup> March \_\_\_\_\_

Number & Date of Administrative Approval \_\_\_\_\_

Amount of Administrative Approval \_\_\_\_\_

S. No.	Name of Work	Amount of estimate	Booked expenditure	Liability incurred but not liquidated	Total expenditure
1.	2.	3.	4.	5.	6.
Percentage of total expenditure to estimate	Percentage of work done	Amount paid on escalation during the original time	Extended period	Expenditure likely to be brought to account during subsequent years in order to complete the project	
7.	8.	9.	10.	11.	
Estimated Cost of work still to be done	Remarks as to whether work will be completed within the estimates cost or not	Reasons as to why work cannot be completed within the estimated cost.	Whether the work is proceeding within the allotted time schedule. If not, reasons for anticipated delay, if any.		Steps taken to speed up the progress.
12.	13.	14.	15.		16.

139. Draft Paras for audit reports in respect of MES will also be received in IA or 'E' Section as the case may be. These will be dealt with expeditiously in consultation with the local administrative authorities, so that they may be finalized within one month of their receipt.

Draft Paras will be concurred in personally by the PCDA/ CDA and when this is done, a copy thereof will be sent simultaneously to the CGDA with an explanatory note containing the following information:-

- (a) That the draft Para has been concurred in personally by the PCDA/ CDA.
- (b) That the local administrative authorities have been apprised of the draft Para.
- (c) Whether or not the irregularities mentioned in the draft Para were detected in internal audit.
- (d) Disciplinary action taken or proposed to be taken if failure on the part of DAD staff is involved.

140. In scrutinizing the re-appropriation of buildings, it will be seen:-
- (1) That the re-appropriation sanctioned is in accordance with the provision of Para 64 of Defence Works Procedure, 2007.
  - (2) That the rule in the Regulations under which the sanction has been accorded is quoted on the statement and covers the re-appropriation.
  - (3) That if re-appropriation has been sanctioned for an authorized purpose, authority in the Scales of Accommodation, 2009 or other authority issued by the Government of India is quoted in support and is correct and that in the case of re-appropriations for unauthorized purpose, the question of recovery of Licence fee under the existing rules has been taken into consideration.
  - (4) That in the case of re-appropriation of temporary nature the period covered by the sanction is shown in the statement.

**NOTE:** In the case of permanent re-appropriations, a suitable note will be made in the register of buildings.

- (5) That if the re-appropriation involves an extra cost to the State on account of structural alterations, it has been sanctioned by the competent authority.
- (6) That the re-appropriation is sanctioned in proper form with reference to the rules contained in Para 64 of Defence Works Procedure, 2007.
- (7) A re-appropriation of an available military building for use free of Licence fee as a place of worship will be scrutinized very carefully to see :-
  - (i) That the Government of India are not or will not in future be faced with a demand for new construction as a result of the re-appropriation.
  - (ii) That no structural alterations are involved.
  - (iii) That the party concerned has agreed (a) to relinquish the building if and when this may be required for any other purpose (b) that no religious body will ever acquire any permanent rights whatsoever over the accommodation and (c) that the property will not at any time be dedicated.

141. Demolition statement (IAFW – 1819) will be received in 'E' Section after they have been sanctioned by the competent authority. These statements will be scrutinized to see that:-
- (a) The demolition or sale of the building or structure is justified in the circumstances recorded in the statement.
  - (b) The AO's financial check certificate exists.

- (c) The cost of demolition and the value of the salvage materials is recorded in the demolition statement.
- (d) The demolition or sale has been sanctioned by the competent authority.
- 142. BLANK
- 143. For the purpose of determining the authority competent to sanction a demolition statement the book value of each building (including subsidiary buildings) will be considered separately.
- 144. BLANK
- 145. **Transfer of charge of AO MES:** On the transfer of a AO from a MES formation the receipt of the Transfer Report [IAF (CDA) - 269] will be watched. If the report discloses any defect in working of shows any arrears of work or any other unsatisfactory feature the fact will be brought to the notice of the Officer-in-Charge of the section for such action as may be considered necessary.
- 146. **Scrutiny of Loss Statements:** All statements (IAFA – 498) in respect of losses of stores and cash (other than pay and TA) in MES as well as losses on account of non-recovery of Licence fee etc., will be received in the IA Section for scrutiny with reference to the Rules laid down in Financial Regulations, Defence Services and Regulations for the MES. It will also be seen that losses chargeable to individuals in service have not been recommended for write off against the State Vide AO 1339/46. In the case of loss statements to be put up to AHQ, it will further be seen that the information required under AO 120 of 1951, has also been furnished. After scrutiny, the loss statements will be passed on to the CFA with appropriate remarks for further action.
- 147. The MES authorities are responsible to forward the original sanctioned copies of loss statements to the AO/AAO (MES) who after noting them in the Register of Losses except in the case of EPs where the Register of losses is maintained by the Park authorities and only checked by the AAO, will forward duplicate copies thereof, with orders of the CFA reproduced thereon, to the IA Section, On their receipt, it will be ensured that the loss statements have been sanctioned by the appropriate CFA and do not involve a break in the serial number allotted by the AO/AAO to the loss statements. These will then be recorded in separate Jackets opened for each MES formation and will be utilized later on for the preparation of the Annual statement of losses to be attached to the Appropriation Accounts for the year.

Losses on account of infructuous expenditure referred to in Para 607 MES Regulations will not be included in the annual statement of losses referred to above, but will be reported by means of separate statement to Ministry of Defence (Finance)

148. **Monthly Expenditure Returns:** The monthly expenditure returns (IAF-2251) received in the office of the PCDA/ CDA with reference to Para 532 MES Regulations will be examined to see that it bears the AO/AAO's certificate to the effect that the expenditure shown therein agrees with or has been reconciled with the figures shown in the punching medium for the month.

The return will be compared with that for the last month to ensure that expenditure already incurred has been carried forward in the Return for the current month. The Return will be subjected further to the under mentioned checks:-

- (i) It should be seen that the figures shown in the Return agree with those shown in the printed compilation received from EDP Section each month.
- (ii) The expenditure shown against each major work will be checked with the Register of Approval with a view to ensure that a classification has been done under the proper head of account.
- (iii) It will also be seen that expenditure against each major work, sub-head or minor head of account etc. is progressing fairly and the cases of excess of expenditure over the amount of administrative approval and sanctioned allotment have been reflected in the O.I. Statements by the AO/AAOs.

**STATEMENT SHOWING THE FINANCIAL POSITION OF..... ON THE 31<sup>ST</sup> MARCH  
NO. AND DATE OF ADMINISTRATIVE APPROVAL..... AMOUNT OF ADMINISTRATIVE  
APPROVAL Rs.....**

Sl. No.	Name of sub-work	Amount of estimate	Booked expenditure	Liability incurred but not liquidated	Total expenditure (4+5)	Percentage of total expenditure to estimate	Percentage of work done
1	2	3	4	5	6	7	8

Expenditure likely to be brought to A/c during subsequent year in order to complete the project	Estimated cost of work still to be done	Remarks as to whether work will be completed within the estimated cost or not	Reasons as to why work could not be completed within the estimated cost	Whether the work is proceeding with in the allotted time schedule. If not, reasons for anticipated delay if any	Steps taken to speed up progress.
9	10	11	12	13	14

Certified that the figures recorded above have been verified.

Column 2 to 4 the statement will be completed from the information furnished by the AAC for the completion of the rest of the statement the following information will be called for from the GE concerned. Column 5 of the statement Expenditure likely to brought to account during the current year on account of liabilities and commitments already incurred. (Column 8 of the statement – General description of the stage given as a percentage to which the work has reached.

**NOTE 1:** In addition to the percentage of progress made on individual items the overall percent of progress on the project should also be indicated.

**NOTE 2 :** A copy of the above statement will be endorsed by the PCDA/ CDA to the ADADS / DADS concerned.

No. ....

Office of the PCDA/ CDA .....

Dated : .....

To,

The RAO (MES) / LAO.....

The UABSO.....

The Officer – in – charge, S/C Section (Local)

**Subject: Refund of Additional Standing Security Deposit in respect of..... CA No. .... of..... (year)**

**Reference: .....**

Intimation has been received for release of Security Deposit of the above contractor. To enable this office to release / refund the Security Deposit to the above mentioned contractor / Firm, please verify your records and intimate by return of post whether any demand is outstanding against him / them.

Sr. Accounts Officer /Accounts Officer

Copy to information:

- 1. The CE N.Z. / CE/CWE/GE.....
- 2. The AO/AAO GE.....

Sr. Accounts Officer /Accounts Officer

**Registered / Insured for Rs. 100/-**

No. ....

Office of the PCDA/ CDA.....

Dated: .....

To,

The Garrison Engineer

.....

.....

**Subject: Release of Standing Security Deposit in respect of.....**  
**CA No. .... Year.....**

**Reference: .....**

The marginally noted document lodged as a standing security by the above named contractor are forwarded herewith for further release action at your end on the authority of this memo as he same has been pledged in favour of .....

There is no objection to the balance standing at credit thereon being paid to the pledge.

Please acknowledge receipt.

Encl. : As above

Sr. Accounts Officer /Accounts Officer

**Registered / Insured for Rs. 100/-**

No. ....

Office of the PCDA/ CDA.....

Dated: .....

To,

The Agent / Manager

.....

Bank of India.

**Subject: Refund of Security Deposit in respect of ..... Contractor.**

Sir,

The marginally noted Deposit at call / Deposit, Receipt / Fixed Deposit receipt has been returned to the above named contractor duly released. The amount together with the interest may please be paid to his on presentation of the documents.

Yours faithfully

Jt. Controller of Defence Accounts

**Registered/ Insured for Rs 100/-**

**Copy to :**

The Garrison Engineer..... with reference to his No. .... dt. .... Bank of India..... Deposit at Call / Deposit Receipt / Fixed Deposit Receipt No. .... dt. .... for Rs. .... (Rs. ....) is returned herewith duly released for further necessary action. Please acknowledge receipt.

Sr. Accounts Officer /Accounts Officer

No. ....  
Office of the PCDA/ CDA .....  
Dated: .....

To,  
The Garrison Engineer  
.....  
.....

**Subject: Renewal of Fixed Deposit Receipt .....MES Contractor.**

Above named contractor lodged Security Deposit in the form of State Bank of..... Fixed Deposit receipt bearing No. ....  
Dated..... for Rs. .... Against CA No.....

The said Bank authorities have intimated this office, that the above FDR fell due for repayment / renewal on.....

You are, therefore, requested to ascertain from the above contractor and intimate this office whether he desires to (i) renew the amount of FDR and to pay the interest accrued thereon separately, or (ii) to renew the capital and interest. Please also ascertain the period for which they desire to renew.

This information may please be intimated at an early date to enable this office to inform the Bank authorities accordingly.

An early reply is requested.

Sr. Accounts Officer /Accounts Officer

Copy to :

The Agent / Manager  
State Bank of.....

For information with reference to his No. .... dated.....

Sr. Accounts Officer /Accounts Officer

**Registered / insured Rs. 100/-**

No. ....

Office of the PCDA/ CDA.....

Dated : .....

To,  
The Agent / Manager  
.....  
State Bank of India.

**Subject: Renewal of Deposit Receipts.**

Sir,

1. The marginally noted Deposit receipt issued by your bank is forwarded herewith.
2. The same may please be renewed for principal and interest (accrued so per rules of your bank) for a further period of.....
3. The same may be please be renewed for principal only for a further period of ..... the interest accrued on the FDR may be released to under intimation of GE and this office.

Sr. Accounts Officer /Accounts Officer

Copy to :

The Garrison Engineer .....

With reference to his No. .... dated ..... for information.

Sr. Accounts Officer /Accounts Officer

**Registered / insured Rs. 100/**

No. ....

Office of the PCDA/ CDA .....

Dated: .....

To,  
The Reserve Bank of India  
.....  
.....

**Subject: Payment of interest on GP Notes: Military Engineer Service Contractors. S/Shri .....**

1. The marginally noted GP Notes are forwarded herewith duly endorsed in your favour.
2. An acknowledgement in respect of this may kindly be issued immediately for record this office.
3. Action may be taken :
  - (i) To issue interest vouchers and income – tax deduction certificates as and when interest on the GP Notes falls due.
  - (ii) To intimate this office sufficiently in advance under advice to GE ..... whenever the note(s) becomes due for renewal and to intimate this office as and when the principals of the note(s) is due for payment.

To enable this office to take appropriate action in connection with the note(s) in consultation with the original purchaser(s) of the note(s) is due for payment.

No. of Encls: .....

Sr. Accounts Officer /Accounts Officer

**For use in E-Section**

No. ....

Office of the PCDA/ CDA.....

Dated : .....

To,

.....  
.....  
.....

**Subject: Local purchase of stationary.**

**Reference: Your No. .... dated.....**

Your contingent Bill No. ....dt. .... for Rs. .... has already been passed and a cheque ..... in payment thereof has been issued on ..... in favour of State Bank of India ..... on credit to your public Fund Account for payment to the firm direct under this office No. .... addressed to the supplier with a copy to your office.

Sr. Accounts Officer /Accounts Officer

**For use in E-Section**

No. ....

Office of the PCDA/ CDA.....

Dated: .....

To,  
The AO/AAO  
GE (MES)  
.....

**Subject: MES transfer - responding thereof.**

The debit / credit of the under mentioned amounts was raised by the AO/AAO noted against each but the same has not been responded by you as yet. You are, therefore, directed to respond the outstanding amounts in the current month accounts under advice to this office.

In case any item is not required to be responded by you the originating AO/AAO may be required to withdraw the debits /credits and it may be ensured that items are cleared as early as possible.

Please acknowledge receipt.

Sr. Accounts Officer /Accounts Officer

**Copy To:**

PCDA/ CDA.....

Sl. No.	Amount	Originating AO/AAO who raised the debit / credit	Month in which debit/credit raised.

Sr. Accounts Officer /Accounts Officer

**For use in 'E' Section**

No. ....

Office of the PCDA/ CDA.....

Dated : .....

To,

The AO/AAO

.....

.....

**Subject: Outstanding List of DID Schedule for the year .....**

A list of outstanding DID Schedules in duplicate is forwarded herewith for necessary action at your end. Please return one copy of the same after noting TE No. and date under which DID Schedule has been adjusted by your office. Your reply to this should reach by ..... positively.

Please acknowledge receipt.

Sr. Accounts Officer /Accounts Officer

Sl. No.	Originating PCDA/ CDA	DID Schedule No. month/ year	Amount	TE NO. and dater under which DID Schedule adjusted by AO/AAO
1	2	3	4	5

**For use in 'E' Section**

No. ....

Office of the PCDA/ CDA.....

Dated : .....

To,

The GE

.....  
.....

**Subject: Scrutiny of DD / Amendment No. .... CA No. ....**

**Reference : Your No. ....dated.....**

Deviation order(s) / Amendments(s) No. .... has /have been admitted in audit and attested copy / copies thereof is / are being sent to AO/AAO.

Sr. Accounts Officer /Accounts Officer

Registered copy together with attested copy / copies of deviation order(s) Amendment(s) No. .... forwarded to :-

The AO/AAO GE ..... for reference & record in his office.

Sr. Accounts Officer /Accounts Officer

**For use in 'E' Section**

No. ....

Office of the PCDA/ CDA .....

Dated : .....

To,

.....  
.....

**Subject: Local purchase of Stationary.**

**Reference: Your No. ....dated.....**

Your contingent bill bearing No. .... received under Your no. ....dated .....for Rs..... is returned herewith together with enclosures with the following remarks.

1. The above bill may be routed through your AO/AAO who will exercise preliminary check thereon and will verify the credit of the articles of stationary purchased before transmission to this office.
2. The correct mode of payment has not been stated on the contingent bill. Please intimate whether cheque is desired to be issued in favour of the firm direct or the same may be issued for credit to your Public Fund Account.
3. N.A.C. has not been obtained from the supplying agency. In case no. N.A.C. has been obtained, the fact of the local purchases may be reported to the supplying agency under intimation to this office vide Para 18 of A.I. 16/65
4. Sale Tax Certificate under rules may be obtained from the supplier on the proper form and attached with the claim.
5. Please furnish certificate to the effect that monetary limits of Rs. 750/-, Rs. 500/- prescribed for the current financial year has/have not been exceeded.
6. The supply order has not been checked by the AO/AAO before issue which it appears that quotations for local purchase of stationary have not been called for or local purchase has not been resorted to on competitive basis.
7. A copy of the receipt voucher on which the stationary was taken on charge duly credit verified by your AO/AAO has not been found attached.

The above requirements may be noted for further compliance.

Sr. Accounts Officer /Accounts Officer

**For use in 'E' Section**

No. ....

Office of the PCDA/ CDA.....

Dated: .....

To,  
The Officer-in-Charge  
'D' Section (Local)

**Subject: Cash assignment for the financial year 20..... placing of**  
.....

**DETAILS OF CASH ASSIGNMENT**

<b>Month</b>	<b>Bank or Treasury</b>
April	
May	Please arrange to place the marginally
June	Noted cash assignment / additional cash
July	assignment at the disposal ..... of
August	
September	
October	During the financial year .....
November	
December	
January	
February	
Total	

In figures .....

Total Rupees .....

in words .....

Sr. Accounts Officer /Accounts Officer

For info. to :

DEO .....

AO/AAO GE ..... w.r.t.

Sr. Accounts Officer /Accounts Officer

**For use in 'E' Section**

No. ....

Office of the PCDA/ CDA.....

Dated : .....

To,

.....  
.....

**Subject: Security deposit against CA No. .... in respect of  
M/s .....**

**Reference: Your No. ....dated.....**

The validity period of the bank guarantee Bond for the .....  
bearing No. .... dated ..... for Rs. .... in lieu  
of Security Deposit received with your above quoted memo has expired on  
..... Please intimate if necessary action has been initiated  
to have the validity period of the above Bank Guarantee Bond extended or to  
have a fresh Bond executed. It otherwise, necessary action to execute a fresh  
bond duly supported by RBI guarantee to cover, the risk of the contractor as  
required vide E-in-C's letter No. 35075/Q&A/E8 dated 05.08.1968 may please  
be taken and this office informed accordingly.

This may please be given due priority.

Sr. Accounts Officer /Accounts Officer

**For use in 'E' Section**

No. ....

Office of the PCDA/ CDA.....

Dated : .....

To,

The AO/AAO

.....

**Subject: D.I.D. Schedules forwarding and adjustment of**

**DID Schedule Month Amount**

1. The Defence I.D. Schedule as per details given in the margin, duly accompanied by the relevant vouchers are forwarded herewith for necessary adjustment within 15 days of the receipt of this communication in your office.
2. A monthly report showing the position of the DID Schedule outstanding with you should please be rendered so as to reach this office on the 10<sup>th</sup> of each month in the enclosed proforma separately for schedules pertaining to each PCDA/ CDA. It should indicate the reasons for remaining outstanding and the upto date action taken by you for the adjustment of each DID Schedule.
3. Further information required by you, if any, in connection with the adjustment of the schedules, may please be obtained direct from the audit section concerned of the originating controller shown in the DID Schedules citing reference to this class of vouchers No. and amount as indicated in the Schedule.

Sr. Accounts Officer /Accounts Officer

Details of outstanding in the exchange accounts between PCDA/  
CDA..... and PCDA/ CDA..... under Defence  
Exchange Accounts.

Sl. No.	DID Schedule	Month in which originated	Debit / Credit	Amount / Explanation outstanding

Sr. Accounts Officer /Accounts Officer

**For use in 'E' Section**

No. ....

Office of the PCDA/ CDA.....

Dated : .....

To,

.....  
.....

**Subject: Bank Guarantee Bond/Bonds in lieu of Security Deposit / Retention money.**

**Reference : Your No. .... dated .....**

Bank Guarantee Bond No. .... dated ..... for CA No. .... dated ..... M/S ..... has been accepted and retained in this office.

2. This following bank guarantee bond / bonds received under your no. & date stated above is / are returned herewith duly scrutinized for your safe custody. Attested copy / copies of the bond / bonds has/have been retained in this office for record :-

Sl No.	Formation	CA No. & Date	Bank Guarantee & bankers name	Contractor	Remarks
1	2	3	4	5	6
1.					
2.					
3.					
4.					

Please acknowledge receipt.

Sr. Accounts Officer /Accounts Officer

Regd. Copy to :

- 1.
- 2.

} Together with attested copy/copies of the above mentioned bond/bonds for information and record.

## Concordance Table

### Chapter-I GENERAL ARRANGEMENTS

Para No. as per OM VIII 1973 Edn.	Subject	New Para as per OM VIII 2014 Edn.	Addition/ deletion/ modification	Authority
1	Objectives	1	Para 1A(1) ii,vii,1A(5) added and earlier 1A(5) substituted as 1A(6) with modifications	CHB P/60,P/92-97,P/251 and Appendix-C to Para 220 RMES
2-8	Distribution of Work	2-8	--	--

### Chapter-2 SANCTIONS AND ORDERS

Para No. as per OM VIII 1973 Edn.	Subject	New Para as per OM VIII 2014 Edn.	Addition/ deletion/ modification	Authority
9-10	Administrative approval – scrutiny of	9-10	Para10(xiii to xvii) added	CS 25/2012
11-13	Technical sanctions – scrutiny of	11-13	Para 11(iv) amended	CS 2/2012 CS 3/2012

### Chapter-3 BUDGET

Para No. as per OM VIII 1973 Edn.	Subject	New Para as per OM VIII 2014 Edn.	Addition/ deletion/ modification	Authority
14-16	Register of grant and appropriations	14-16	Para 15 amended	CS 4/2012
17-19	Budgetary Control in respect of Navy, Air Force and Factory works	17-19	Para 17 amended	CS 5/2014

### Chapter-4 CONTRACTS AND SECURITY DEPOSITS

Para No. as per OM VIII 1973 Edn.	Subject	New Para as per OM VIII 2014 Edn.	Addition/ deletion/ modification	Authority
20-23	Acceptance of Contract Agreement	20-23	--	--
24-26	Scrutiny of Contract Agreement	24-26	Para 24(xviii, xxiv, xxv& xxxiv) and Para26(ix &xi) amended	CS 6/2012 CS 7/2012 CS 8/2012 Para 50 of DWP-2007
27-30	Scrutiny of	27-30	Para 30(i) amended	CS 9/2012

	amendment to Contract Agreement			
31-33	Scrutiny of deviation orders and Miscellaneous	31-33	Para32(i) amended and Para 32(x & xi) added	CS 26/2012
34-43	Security Deposit	34-43	Para 34 amended	CS 10/2012 CS 11/2012 CS 12/2012

**Chapter-5  
BILLS AND PAYMENTS**

Para No. as per OM VIII 1973 Edn.	Subject	New Para as per OM VIII 2014 Edn.	Addition/ deletion/ modification	Authority
44-47	Bills – General	44-47	---	--
48-49	Pre- Audit of Bills	48-49	--	--
50-57	Post – Audit of Bills	50-57	--	--
58-59	Technical Examination of Bills etc.	58-59	--	--
60-68	Extent of Audit of Bills	60-68	Para 62(viii),63(ii),(xii) amended and Para 63(x) (b) deleted	CS 13/2012 CS 14/2012 CS 15/2012 Para 644 RMES

**Chapter-6  
TRANSFER TRANSACTIONS**

Para No. as per OM VIII 1973 Edn.	Subject	New Para as per OM VIII 2014 Edn.	Addition/ deletion/ modification	Authority
69-84	Transfer transactions – Audit and procedure of	69-84	Para 70,81(ii)(iv)(v) amended	CS 16/2012 CS 17/2012 CS 18/2012 CS 19/2012 Para 137,140,141 & 143 of Defence Accounts Code 2014
85-89	Transfers between MES Officers	85-89	--	--
90--93	Adjustment of cost of vehicles	90--93	--	--

**Chapter-7  
PUNCHING MEDIUM**

Para No. as per OM VIII 1973 Edn.	Subject	New Para as per OM VIII 2014 Edn.	Addition/ deletion/ modification	Authority
94 to 103	Punching Media Procedure	94 to 103	Para 94 & 101 amended	EDP Comments Para 10 OM XI

**Chapter-8**  
**OBJECTION STATEMENT**

Para No. as per OM VIII 1973 Edn.	Subject	New Para as per OM VIII 2014 Edn.	Addition/ deletion/ modification	Authority
104-106	Statutory Audit Objection Statements – Procedure regarding disposal of	104-106	--	--
107	Quarterly objection Statements Form 'A'	107	--	--
108-112	Half – Yearly extract from monthly statement of expenditure, held under objection, Form 'B'	108-112	--	--
113-126	Audit of Objection Statements	113-126	Para 115 amended	CS 20/2012 CS 21/2012

**Chapter-9**  
**ANNUAL REVIEW OF WORKS EXPENDITURE**

Para No. as per OM VIII 1973 Edn.	Subject	New Para as per OM VIII 2014 Edn.	Addition/ deletion/ modification	Authority
127-131	Instructions for the preparation of	127-131	Statement A (i) Statt.B of Para 127 and para 131 amended	CS 22/2012 CS 23/2012 CS 24/2012
132-133	Appropriation Report for 50-Civil Works	132-133	--	--

**Chapter-10**  
**MISCELLANEOUS**

Para No. as per OM VIII 1973 Edn.	Subject	New Para as per OM VIII 2014 Edn.	Addition/ deletion/ modification	Authority
134	Periodical Services Measurement Books	134	--	--
135-138	Procedure relating to disposal of attachment orders	135-138	Para 138 amended	
139	Draft Paras for Audit Reports		--	--
140	Re-appropriation of Buildings	140	Para 140(1) and (3) amended	

<b>141-144</b>	Demolition Statements	<b>141-144</b>	--	--
<b>145</b>	Transfer Certificates of a charge	<b>145</b>	--	--
<b>146-147</b>	Scrutiny of Loss Statements	<b>146-147</b>	Para 147 amended	
<b>148</b>	Monthly Expenditure Returns	<b>148</b>	--	--

### List of Abbreviations

<b>S.No.</b>	<b>Abbreviation</b>	<b>Full form</b>
1	AAO	Assistant Account officer
2	AAO BSO	Asstt. Account officer of Barrack/ Store office
3	AGE	Assistant Garrison Engineer
4	AHQ	Army HQrs
5	AO	Accounts Officer
6	AO GE	Account Officer Garrison Engineer
7	APR	Audit Progress Register
8	ASW	Assistant Surveyor of works
9	AWP	Annual Works Programme
10	CA	Contract Agreement
11	CDA	Controller of Defence Accounts
12	CE	Chief Engineer
13	CFA	Competent financial authority
14	CGA	Controller General of Accounts
15	CGDA	Controller General of Defence Account
16	CST	Comparative Statement of Tenders
17	CWE	Commander Works Engineer
18	D Section	Disbursement Section
19	DAD	Defence Account Department
20	DADS	Director of Audit Defence Services
21	DDP	Distributed Data Processing
22	DEO	Defence Estate officer
23	DGC	Distt. Govt. Counsel
24	DGDE	Directorate General of Defence Estate
25	DGOF	Director General of Factories
26	DGS&D	Director General of Supplies & Disposals
27	DID Schedule	Defence Inter Departmental Schedule
28	DO	Deviation Order
29	DP Sheet	Daily Payment Sheet
30	DV	Disbursement Voucher
31	DWP	Defence Works Procedure
32	E.S.D	Engineer Store Depot
33	E Section	Engineering Section
34	EDP	Electronic Data Processing
35	FA	Financial Advisor
36	GE	Garrison Engineer
37	GO	Group Officer
38	IA	Internal Audit
39	ID Schedule	Inter Departmental Schedule
40	IDAS	Indian Defence Account Service
41	LAO	Local Audit office
42	MES	Military Engineering Services
43	NAC	Nov availability Certificate
44	PC of A(Fys)	Pr.Controller of Accounts(Factories)
45	PCDA	Pr.Controller of Defence Account
46	POW	Prisoner of War
47	PSMB	Periodical Services Measurement Book
48	RAO	Regional Audit office
49	RAR	Running Account Receipt
50	RLA	Remembrance of Legal Affairs
51	SDO	Sub Divisional officer
52	SSW	Superintending Surveyor of Works
53	SW	Surveyor of Works
54	TE	Technical Examiner